



The  
University  
Of  
Sheffield.

# Annual Report & Financial Statements 2011–2012.



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*Professor Keith Burnett, Vice-Chancellor*

## Vice-Chancellor's introduction

It is my great pleasure to introduce the Annual Report for 2011–12 and a year of tremendous achievement for the University of Sheffield.

In 2011, the University of Sheffield was named the Times Higher Education University of the Year. This award is rightly a source of great pride. It underlines our own commitment to our work as an institution of the highest academic standards in research and teaching, matched with a hands-on desire to make a difference in our own city and around the world. But it also demonstrates that our efforts and achievements are recognised by our peers who make UK universities the powerful force for good in the world which they undoubtedly are.

### **Discover and understand**

The University of Sheffield was founded in the belief that the highest quality of education can make a real difference to lives and opportunities. Staff and students would be inspired by the challenge to 'discover and understand' and to take that knowledge and share it with others. Yet the vision of those founders who made such a powerful investment in the future has this year been made a reality in ways they could scarcely have imagined.

In 2012, scientists from the University of Sheffield were part of the team working with researchers from across the world at the Large Hadron Collider at CERN who announced a significant breakthrough in our understanding of the very fundamental laws that govern the universe. Scientists and technicians from the University were essential to the investigation to find the Higgs boson particle – designing, building and operating a detector used in the research as well as creating software and analysing data.

The news from CERN was a powerful reminder of the excitement of the human search to understand our universe. Yet it came at a time when we also faced seemingly intractable problems – how to provide sustainable energy and food for our growing population, how to improve health and to build prosperity in the face of the biggest economic downturn for a generation.

Our own social scientists made clear the nature and scale of that challenge. As the United Nations declared the seven billionth person living on the planet and estimated that the world's population will rise to over 10 billion by 2100, maps developed in the Department of Geography illustrated global population shifts in new and compelling ways.

Our new Sheffield Political Economy Research Institute drew 1,000 people to its launch, with the Leader of the Labour Party declaring that its determination to ask powerful questions about politics in the UK and the world following the global financial crisis meant it was 'a vital institute whose time has come'.

And closer to home the question of how universities benefit society at a time of constrained resources also posed its own challenge.

### **Making life better**

In the midst of this, the University showed the difference it makes to all our lives in vital ways. In 2011, we joined Cancer Research UK, the Sheffield Teaching Hospitals and Yorkshire Cancer Research to become a National Centre which draws together world-class research and medical expertise to provide the best possible results for cancer patients nationwide.

The centre has its clinical base at Weston Park Cancer Hospital – one of only three dedicated cancer hospitals in the country – and links with laboratory facilities both within the Medical School and across the University of Sheffield. University scientists and clinicians bring a particular interest in breast and lung cancers and a strong focus on the spread of cancers to the bones. We are also investigating the fundamental biology of cancer – understanding how the disease starts and how it grows and spreads.

The pioneering Sheffield Institute for Translational Neuroscience (SITraN) took a significant step forward in its fight against Motor Neurone Disease and other common neurodegenerative disorders when it received a €2.5 million award from the European Research Council (ERC) for ground-breaking work in gene therapy. The work is helping the team at SITraN to develop tools for efficient, safe and selective delivery of therapies to the central nervous system to treat devastating neurological disorders.

The University also celebrated the opening of a state-of-the-art £4.3 million Life Sciences Institute, allowing engineers and biologists to work together in high-tech labs on pioneering projects, such as treatment of diseases. And in the School of Health and Related Research, researchers began a major project to use robots for stroke rehabilitation, working closely with clinicians, patients, designers, engineers and software developers to build user-friendly solutions.

### The power of partnership

Time and again we see that our most important contributions are made not in isolation, but as we work hand in hand with others.

This year the University of Sheffield's Advanced Manufacturing Research Centre (AMRC) with Boeing celebrated its 10th anniversary at the Houses of Parliament. At the Palace of Westminster and at Downing Street, the University joined colleagues from Rolls-Royce and Boeing to highlight the transformational power of the partnership between advanced engineering and industry. They also celebrated the news that the AMRC had secured £9.2 million of government backing for a new training centre aimed at closing the skills gap for high-value manufacturing companies. Over 400 young people will work with the University and its partners as apprentices.

The University of Sheffield has also played a key role in the development of a new phase in an innovative partnership between the North of England's eight research-intensive universities. As part of the N8, centres have already been established which focus on areas of future growth in the economy, such as regenerative medicine and molecular engineering, each working to create collaborations and new innovations between industry and academia. The partnership is also focusing on job creation and will work together with Local Enterprise Partnerships (LEPs) and local authorities in the North to help them to generate economic growth and respond to changes in populations in key cities.

From our collaborations with organisations, such as the Worldwide Universities Network, to our partnerships with leading universities around the world in key areas of research and teaching, the University of Sheffield has continued to act globally. These collaborations also shape our work as active citizens.

Our Nobel Prize winner, Professor Sir Harry Kroto, is working with the Kroto Research Institute (KRI) at the University to lead an international collaboration to improve education worldwide. The Global Outreach project GEO provides free, outstanding teaching materials, helping to ignite a passion for all academic subjects from science and engineering to geography and health and social care.

*We celebrated the news that the AMRC had secured £9.2 million of government backing for a new training centre aimed at closing the skills gap for high-value manufacturing companies.*

*To be named University of the Year was a powerful tribute to the hard work, dedication and ability of our staff, students, graduates and partners.*

### A truly outstanding university

The University of the Year award was not the only honour received this year. Other accolades reflect the outstanding scholarship of our staff and the impact they make on the real challenges we face in the world. They also highlight the views of our own students, speaking with confidence about the education they receive and the University they experience every day.

We were delighted but not surprised when the University of Sheffield's Students' Union was rated the best in Britain by the National Student Survey. Our multiple award-winning Students' Union also scooped the Best Services for International Students Award for its exemplary work with international students and its global approach. This reflected the fact that 98 per cent of international students said that they were satisfied with our Students' Union – the highest percentage in the UK.

The University's computer services were ranked top in the UK by an independent student satisfaction survey and the University of Sheffield won the award for Best Student Housing at the inaugural College and University Business Officers (CUBO) awards.

Our campus also underwent further developments which are crucial to our work and which will continue to attract the best and most talented students to the University of Sheffield for years to come.

In 2012 we began a £21 million investment in the first stage of an exciting expansion project for the Faculty of Engineering designed to ensure students continue to benefit from world-class labs and teaching space, as well as a new Engineering Graduate School. The newly refurbished Arts Tower opened its doors once again to students and staff and plans were announced for the development of the Students' Union building as a world class facility for students, staff and the community at the heart of the campus.

Work also began on outstanding teaching, learning and business space for the Management School. The University's Crookesmoor Building will be given a 21st century makeover to inspire learning and provide a dynamic environment to host meetings with business champions, clients and partners.

### Going for gold

At the end of the period covered by this annual report, the University of Sheffield celebrated another honour. Our graduate Jessica Ennis thrilled the nation and the world when she took an Olympic gold medal and a British and Commonwealth record in the Heptathlon.

For many, Jessica was the recognisable face of the Games, and a symbol of the dreams and determination which it was hoped would 'inspire a generation'. As Patron of the University's Elite Sport Performance Scheme, Jessica has been working with the University for a number of years to support other outstanding athletes, some of whom joined her

as Olympians and Paralympians at London 2012. But the inspiration she offers goes far beyond sport. We have also seen this year that when dreams are united with commitment to make them a reality, remarkable things can be achieved.

This annual report reviews just some of what has been achieved in this year, successes which have taken place in the face of rapid changes in Higher Education and a continued reduction in public funds. To be named University of the Year was a powerful tribute to the hard work, dedication and ability of our staff, students, graduates and partners. It also reflected the fact that, at a time of real challenge for universities, we have drawn particular inspiration from our founding principles – a deep desire to discover and understand and put that knowledge to work to make a difference in the lives of others.

### Professor Keith Burnett

Vice-Chancellor

*Scientists and technicians from the University were essential to the investigation to find the Higgs boson particle – designing, building and operating a detector used in the research as well as creating software and analysing data.*



## Chairman's foreword

It gives me very great pleasure to provide this introduction to the Annual Report of the University of Sheffield for 2011–12.

The University of Sheffield has a proud history which continues to inspire its actions today. It was founded over a century ago by far-sighted philanthropists supported by local people who believed that a University would provide opportunities for their children, help treat diseases and support the economy.

A hundred years later, I have no doubt that they would have been greatly proud to witness the results of that vision and investment. Today the University of Sheffield is known and respected around the world as a focus of internationally leading research and excellent teaching.

The local and national economy benefits from the work of the University to support the development of business and industry, and as a significant employer in its own right. A century after the discovery of stainless steel by a local industrialist, the Sheffield City Region is once again seen as a global hub of excellence in advanced manufacture. The University of Sheffield's world-class engineers work in close partnership with such leading companies as Boeing and Rolls-Royce, together with over 75 supply chain companies who are partners within the Advanced Manufacturing Research Centre.

Students at Sheffield also benefit from outstanding services and rate their student experience amongst the best in the UK.

So it is entirely appropriate that the University of Sheffield was named UK University of the Year in the 2011 Times Higher Education Awards. Judges said the University "stood out as a result of a strategy based on its values and rooted in its founding principles" and praised the institution's "determination and grit" in focusing on applying knowledge for the benefit of others.

The ways in which staff and students of the University make a positive difference are many, just a few of which are described in this report. I am delighted to say that they do so in a university which is responding positively to the challenges and opportunities facing higher education, firmly rooted in the principles which have served it well for over 100 years.

**Kathryn Riddle**

Chairman of the University of Sheffield Council

*Today the University of Sheffield is known and respected around the world as a focus of internationally leading research and excellent teaching.*

*Kathryn Riddle, Chairman of the University of Sheffield Council*

Portrait courtesy of Anton Want



Leading the debate on  
sustainable recovery.



#milibandspen

speri. Sheffield Political Economy  
Research Institute.

*Rt Hon Ed Miliband at the  
launch of SPERI*

# Report of the Treasurer 2011–2012

## Financial performance

I am pleased to report that the University has had another year of strong financial performance during 2011–12. Income has grown by 3.9 per cent to £446.9 million, whilst expenditure has grown by 6.7 per cent to £427.6 million, resulting in an operating surplus of £19.3 million, which equates to 4.3 per cent of total income. The continued strong financial performance has enabled the University to increase its cash resources, resulting in a net funds position of £56.0 million.

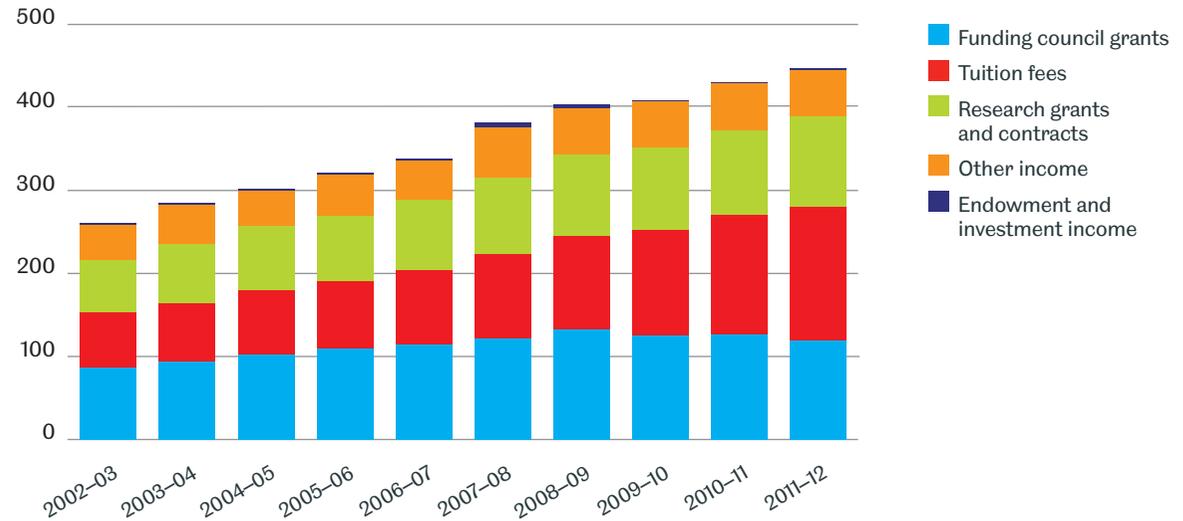
The University is consequently well positioned to face the fundamental financial changes currently being implemented within the Higher Education sector. Grant funding will continue to decline, for both revenue and capital, and in 2012–13 the University is introducing home undergraduate tuition fees of £9,000. Alongside these changes the University will continue to invest in its strategic priorities in order to uphold and develop our international reputation for outstanding teaching and research.

Summary income and expenditure account		
	Year ended 31 July 2012 £m	Year ended 31 July 2011 £m
<b>Income</b>		
Funding council grants	119.3	125.9
Tuition fees and education contacts	159.9	144.3
Research grants and contracts	108.8	101.3
Other income	56.2	56.8
Endowment and investment income	2.7	1.7
	<b>446.9</b>	<b>430.0</b>
<b>Staff and operating expenditure</b>		
Staff costs	231.3	221.4
Other operating expenses	152.1	135.1
	<b>383.4</b>	<b>356.5</b>
<b>Operating surplus before interest and depreciation</b>	<b>63.5</b>	<b>73.5</b>
<b>Depreciation and interest payable expenditure</b>		
Depreciation	38.0	37.7
Interest payable	6.2	6.6
	<b>44.2</b>	<b>44.3</b>
<b>Operating surplus before tax</b>	<b>19.3</b>	<b>29.2</b>
Profit/(loss) on investments and assets	0.3	0.5
Other items	0.3	0.5
<b>Surplus on continuing operations</b>	<b>19.9</b>	<b>30.2</b>
Historical cost adjustments	8.5	10.0
<b>Historical cost surplus</b>	<b>28.4</b>	<b>40.2</b>
<b>Key Performance Indicators</b>		
Ratio of current assets to current liabilities	1.6	1.7
Net cash inflow from operating activities as a percentage of total income	12.0%	10.9%
Net funds as a percentage of total income	12.5%	8.5%
Operating surplus as a percentage of total income	4.3%	6.8%
Historical cost surplus as a percentage of total income	6.4%	9.3%

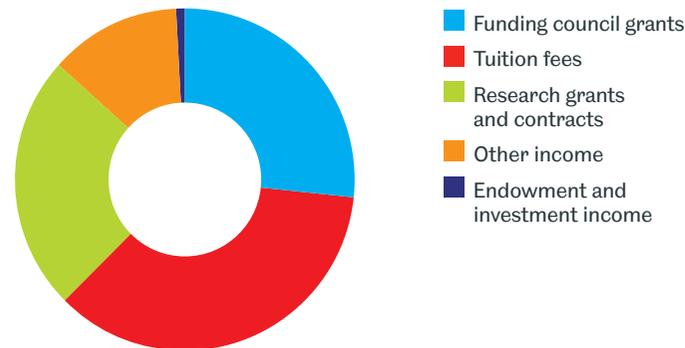
Income has grown by £16.9 million (3.9%) compared to the previous financial year. This is despite funding council grants declining by £6.6 million (5.2%). Growth has been primarily due to increases in overseas student fee income of £8.0 million (12.4%), increases in other fees of £7.6 million (9.5%) and research income growth of £7.5 million (7.4%).

Tuition fee income is now the largest single source of income for the University, representing 35.8 per cent of total income. This trend will continue in future years as home undergraduates pay £9,000 from 2012–13 and funding council grants continue to decline.

Income (£m)



Income (£m)



*Income has grown by £16.9 million compared to the previous financial year.*

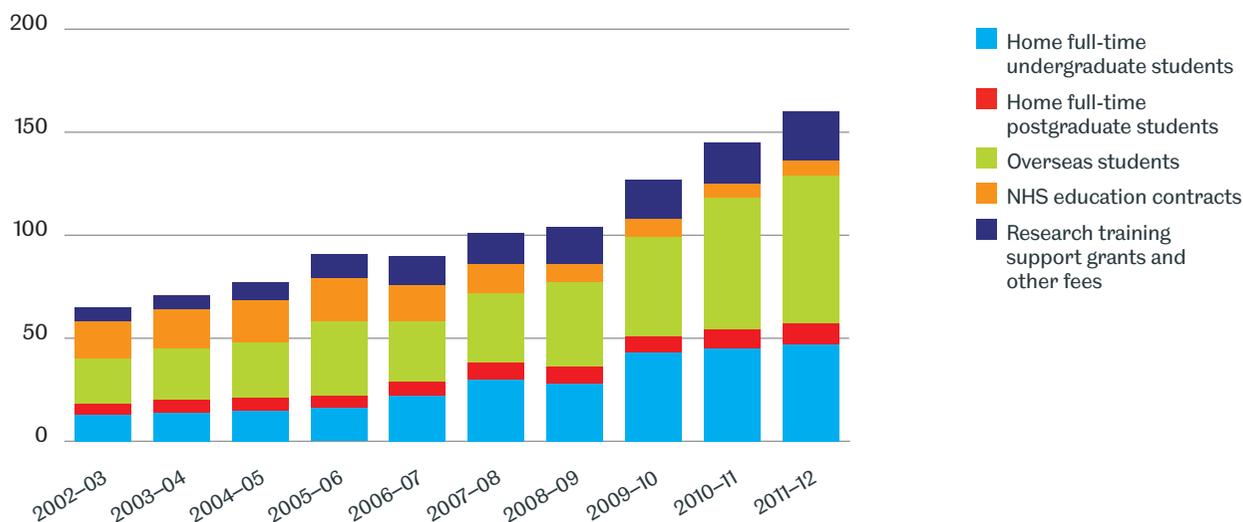
Recent years have seen a noticeable increase in tuition fee income from £66.8 million 10 years ago, to £159.9 million in 2011–12.

In 2011–12 overseas fee income accounts for 42.5 per cent of total tuition fee income, and 16.2 per cent of total income.

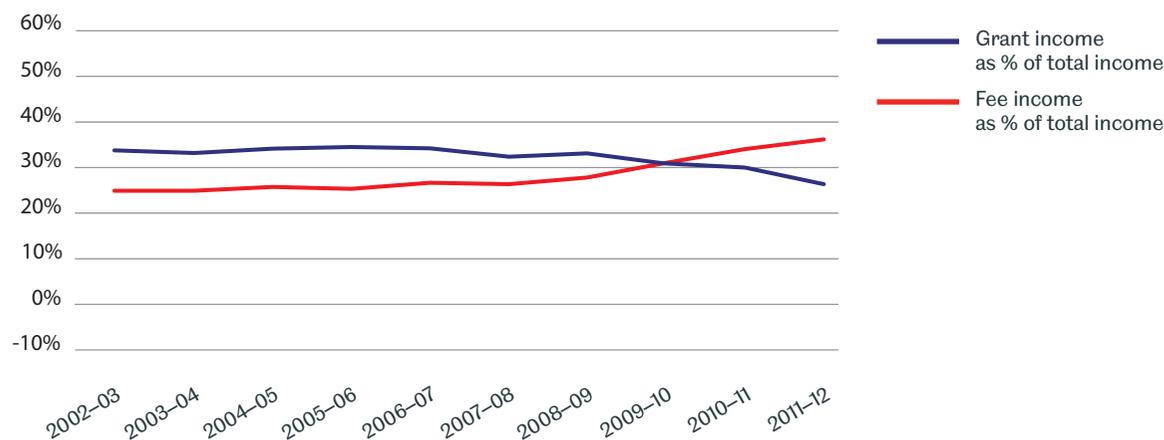
*Recent years have seen a noticeable increase in tuition fee income from £66.8 million 10 years ago, to £159.9 million in 2011–12.*

Since 2009–10 the University's recurrent grant from HEFCE has been declining, and this has been offset by increases in overseas fee income.

**Tuition fee income (£m)**



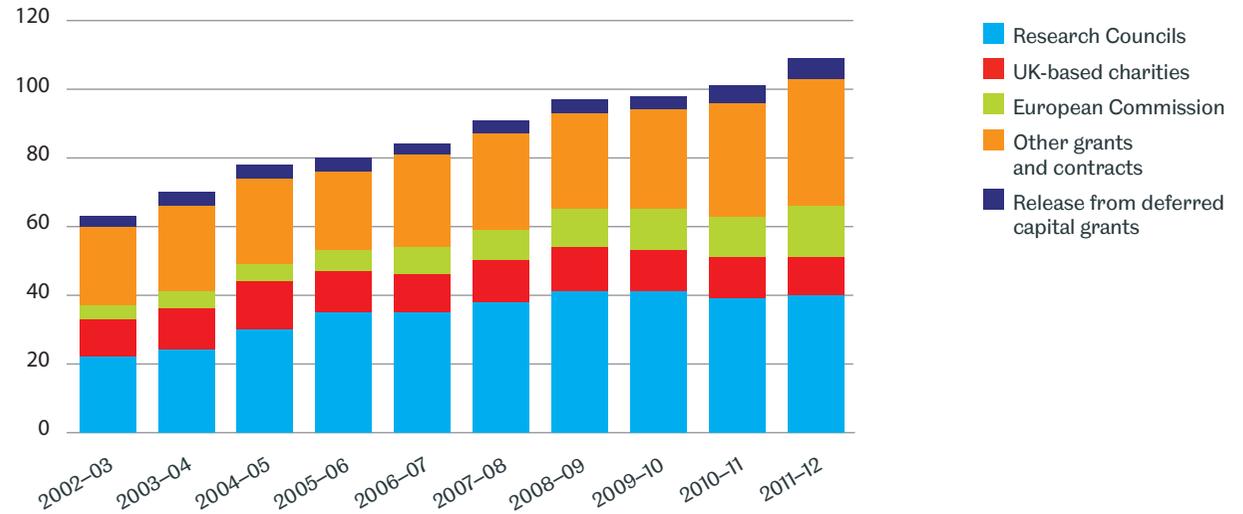
**Grant and fee income as a percentage of total income**



During the year research income has increased by £7.5 million to £108.8 million. However, research expenditure has also increased by £7.4 million.

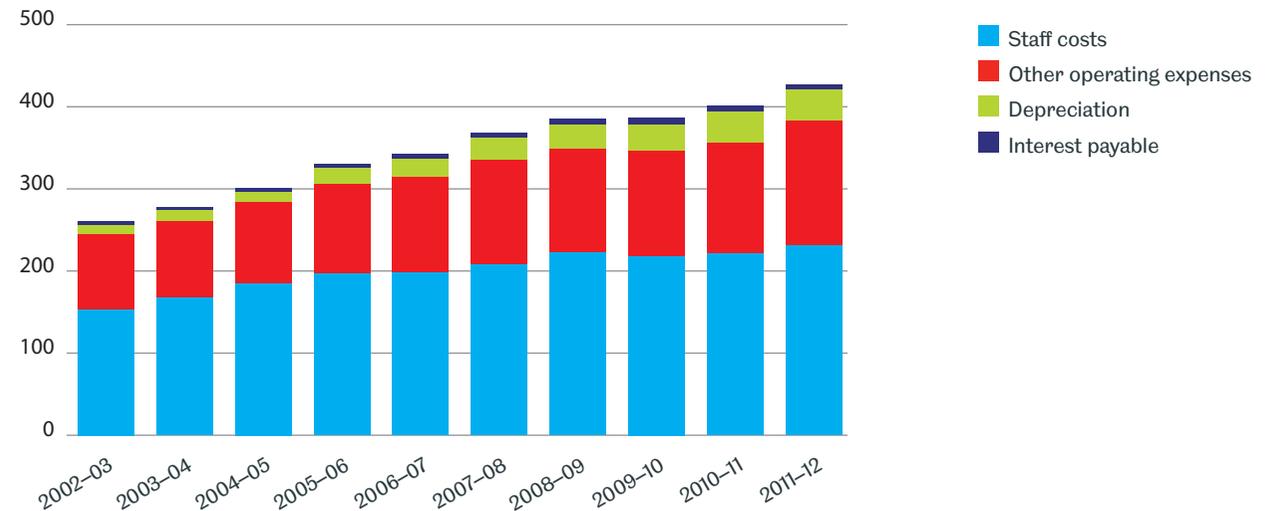
Research income from funding councils continues to be at an almost flat rate, with the income increases arising from EU funding and from other grants and contracts.

**Research income (£m)**



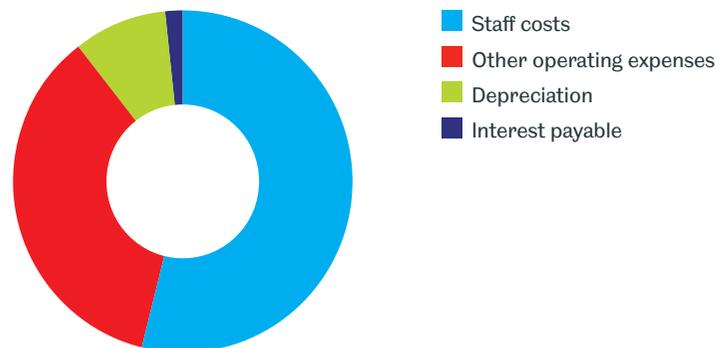
Expenditure has increased by £26.8 million (6.7%) to £427.6 million. The largest increases have been £9.9 million (4.5%) within staff costs, and £17.0 million (12.6%) within other operating expenditure, due mostly to increases in spend on equipment, repairs and maintenance, and rents.

**Expenditure (£m)**



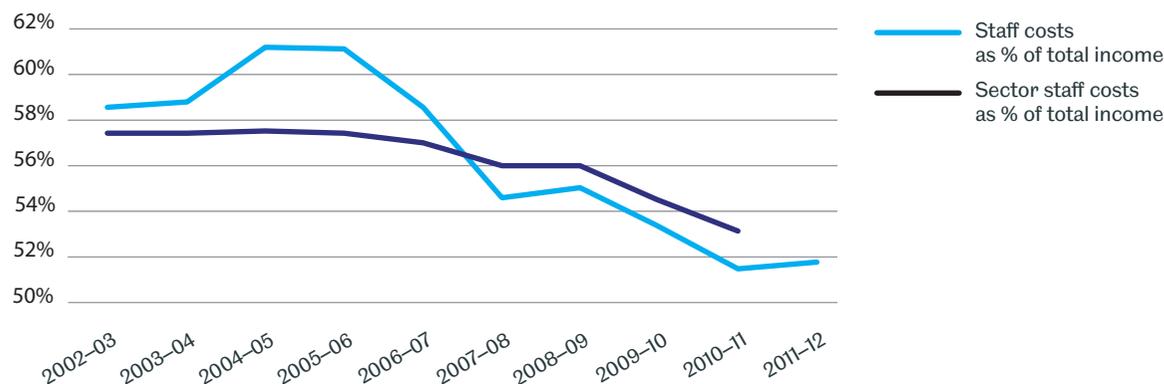
Staff costs continue to be the largest item of University expenditure, although they have reduced proportionately in recent years compared to other operating expenditure and depreciation.

**Expenditure (£m)**



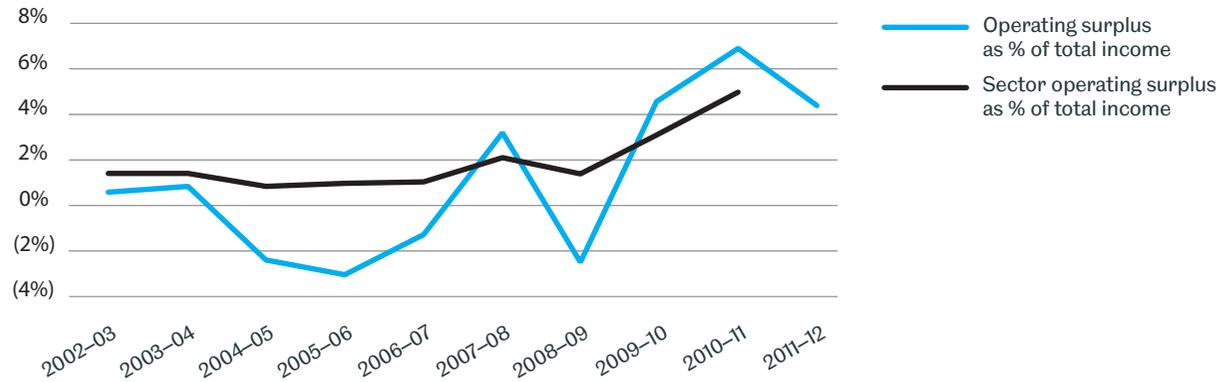
In recent years staff costs as a percentage of total income have reduced following the impact of the Voluntary Severance Scheme in 2009, combined with careful staff cost management. However, these staff costs have remained level in these terms this year and are forecast to slightly increase as a percentage of total income in forthcoming years.

**Staff costs as a percentage of total income**



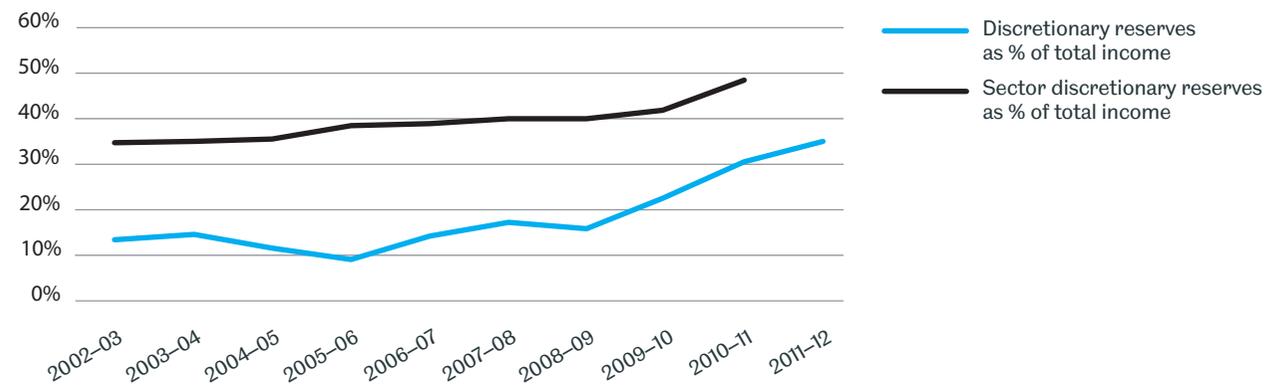
The University had an operating surplus of £19.3 million in 2011–12, which is 4.3 per cent of total income. This result places the University in a strong financial position to face future challenges, and to continue to invest in teaching and research.

**Operating surplus as a percentage of total income**



The University has again generated a strong income and expenditure account result, and this has helped to further narrow the gap between the University and sectoral average of discretionary reserves as a percentage of total income.

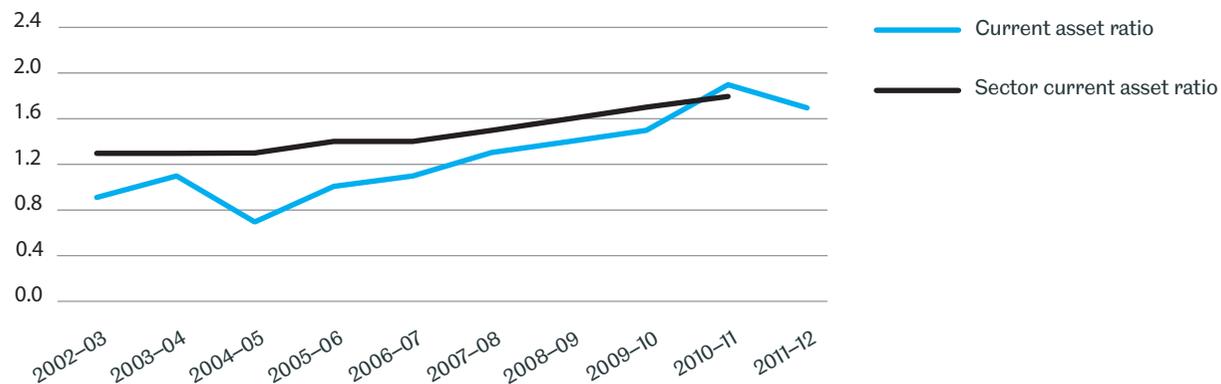
**Discretionary reserves as a percentage of total income**



*The University has again generated a strong income and expenditure account result.*

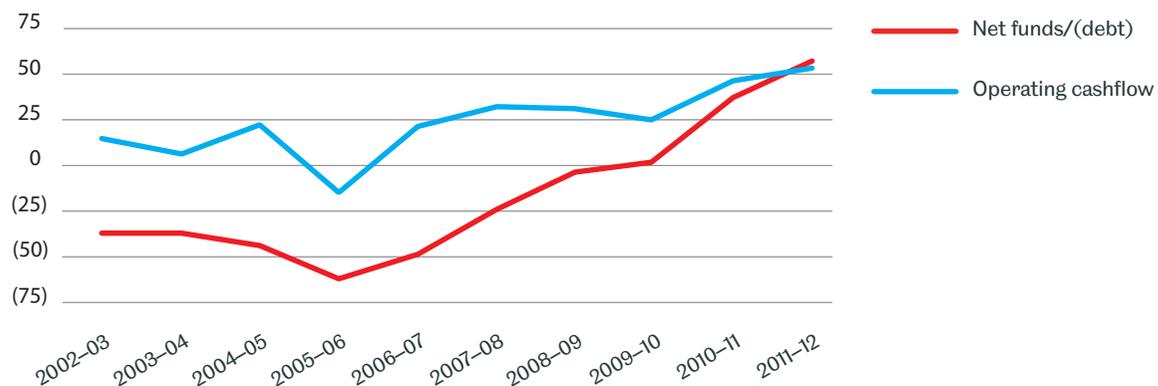
The target current asset ratio of the University is 1.2:1. This has again been exceeded in 2011–12 following another strong performance which has boosted the University's cash position.

**Current asset ratio**



The University has generated £53.7 million in net cash flows from operating activities during the year, and had net funds of £56.0 million at 31 July 2012.

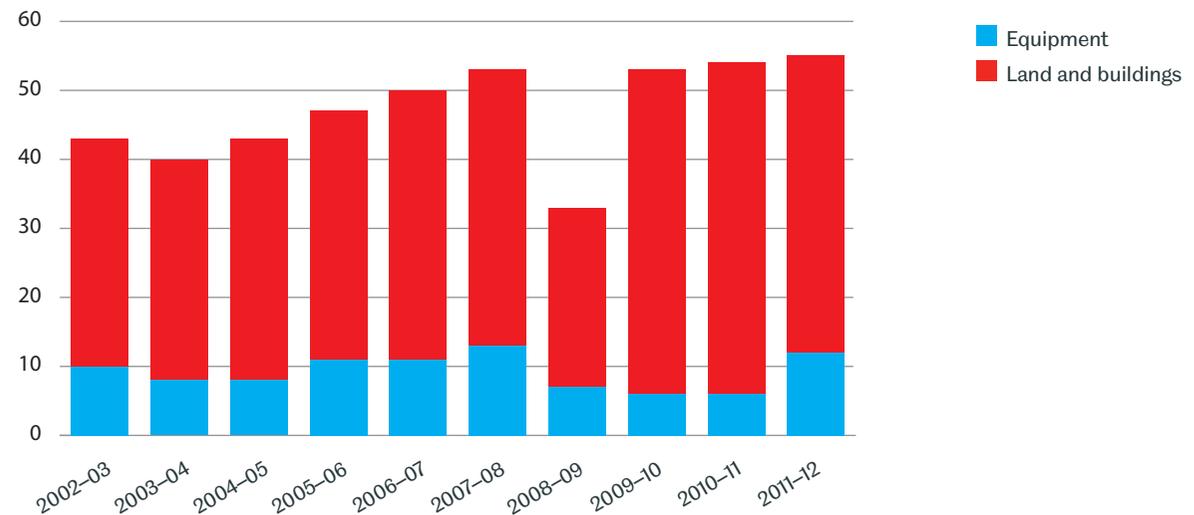
**Net funds/(debt) and operating cashflow (£m)**



The University has continued to invest in its estate, despite external funding reductions. This is expected to continue in the coming years, in line with the University's strategic plan and priorities.

The Nuclear Advanced Manufacturing Research Centre (Nuclear AMRC) was officially opened on 28 May 2012 by HRH The Duke of York. At a total cost of £17.9 million the Nuclear AMRC combines academic innovation with industry expertise to help UK manufacturers seize the opportunities of new investment in nuclear power and other innovative energy technologies.

**Capital investment (£m)**



*The Nuclear AMRC combines academic innovation with industry expertise to help UK manufacturers seize the opportunities of new investment in nuclear power and other innovative energy technologies.*

## Conclusion

Over the last 10 years the University has experienced growth in both income and expenditure. This growth, combined with sound financial management, has led to an increase in reserves and cash balances. The University has continually invested in priorities, such as its outstanding student experience and the capital infrastructure, with annual capital investment of over £50 million in recent years.

In the years ahead, it is clear that the University will face both opportunities and challenges. Persistent reductions in public funding and new possibilities for alternative and private provision of higher education are changing the landscape in which the University operates.

Grant income has already begun to decline, and will be replaced by student fee income, transferring much of the cost of a University education onto the individual student. The University recognises the challenge that this presents and remains committed to working with children from under-represented groups to increase opportunities to benefit from higher education.

Universities face a turbulent era as new markets develop, yet during these times we must continue to aspire to be the best. The University of Sheffield is prepared and financially well positioned to rise to those challenges and remains ambitious and determined to continue to be a world-class, research-led University.

Finally, I would like to join with the University's Vice-Chancellor in thanking all University employees, and indeed our students, for their part in the many remarkable achievements made during the last year.

**David Young**  
Treasurer





## The student experience

Our University continues to be nationally recognised for the outstanding student experience we offer, ranking first amongst Russell Group universities in the Times Higher Education Student Survey.

### Teaching and learning

Our aim is to deliver excellent research-led teaching which provides all students with a distinctive experience that enables them to fulfil their potential.

The University prides itself on being a research-led institution and on taught undergraduate and postgraduate courses research is an integral to the student experience. For example, the SURE (Sheffield Undergraduate Research Experience) scheme offers undergraduate students funded research opportunities to become directly involved in the research activity of the University, take part in 'real life' research projects in subject areas that are of special interest, and experience what it is like to work in partnership with academic staff or collaboratively in a research group. Research enhances and develops skills such as problem solving, critical thinking, analysis, time and project management, and dissemination. These skills, along with the opportunity to deepen knowledge around a subject, make research an invaluable part of students' academic development.

Our goal is to produce Sheffield graduates who demonstrate impact, excellence and distinctiveness in their chosen field. We will therefore recruit students of the highest academic and intellectual ability, with the potential and motivation to succeed and who will fully engage with, and benefit from, the University's courses. We aim to achieve a student community that is balanced and diverse in terms of experience and background, recognising the educational as well as cultural benefits that this brings to us all.

Teaching and learning is set within the wider political, economic, environmental, ethical, social and cultural context of the field of study. The quality of our courses and the ongoing improvement of the student learning experience will remain a key priority for the University and we have robust systems and procedures in place to ensure this is achieved.

### The 'Sheffield Graduate'

The 'Sheffield Graduate' provides a framework to identify the experience and opportunities we need to offer to our students. We have enhanced the support and resources that are available for academic skills development. We have funded projects that enhance curriculum content and delivery. We have identified how extra-curricular activities enable students to broaden their skills and knowledge, which lead in turn to the introduction of the Sheffield Graduate Award. We have enhanced the support and opportunities that our staff need to enable us to meet our objectives.

The attributes of the 'Sheffield Graduate' are those which enable students to achieve success and fulfilment in their future lives, and to make an active contribution to society. Three overarching characteristics relating to high quality, the provision of information and support for students, and the development of their skills and abilities ensure that our courses are planned and delivered in ways which encourage students to become:

- Knowledgeable in their subject.
- Independent and critical thinkers.
- Flexible team members.
- Active citizens who respect diversity.

### Student support

The purpose of student support within the University community is to:

- Enhance the overall (physical, psychological and social) wellbeing of students.
- Enable every student to build sound relationships with other students, within academic departments and within the University as a whole.
- Contribute to the creation of a sense of belonging in the University and to the building of self-regulating communities of students.
- Enable students to develop life skills as they progress through the University.
- Contribute positively to the quality of the student experience and to support recruitment, progression and retention.
- Enhance the reputation of the University in relation to its student services.

### Employability

University of Sheffield graduates go on to have rewarding and successful careers. The skills and experience they gain at Sheffield contribute to their success.

Studying for a degree at the University of Sheffield gives our students:

- Inspiring courses and skills that can be applied in the real world.
- Additional skills to enhance their CVs.
- Support and guidance about the world of work.
- An international dimension.

We also work with business and industry to ensure our students benefit from an education that combines academic excellence with practical skills. The Department of Mechanical Engineering's Technology Strategy and Business Planning module is one example of this approach. The module enables final-year engineering students to collaborate with partners from business and industry, including manufacturers, marketers and bankers. The students develop solutions to real commercial problems and write accompanying business plans. Many of their ideas are developed into prototypes and functional products. A walking frame for children with brittle bones was designed by engineering students and is now being used by Sheffield Children's Hospital. This kind of real-world experience puts our students ahead of the game when it comes to applying for jobs.

### Widening participation and fair access

We recruit students by encouraging applications from the widest range of educational, social and ethnic backgrounds. We provide clear and transparent admissions information to prospective applicants, operating a fair and flexible admissions process, and we ensure the consistent application of policy across the University.

The University offers bursaries and scholarships to support talented students who may not have the financial resources to come to university. Alumni are also encouraged to consider philanthropic donations to our Alumni Fund, which is used to support scholarships for students, and to support students in time of hardship. Spend on scholarships, bursaries and fee waivers has increased by 286 per cent over the last 10 years and will continue to increase in the coming years to ensure that the benefits of a University of Sheffield education are available to all, irrespective of background.

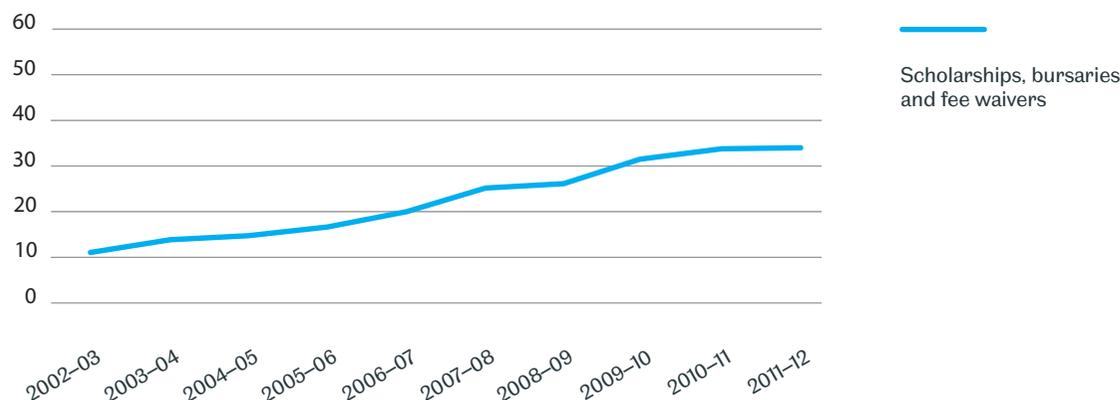
We run a range of outreach schemes to encourage students from widening participation backgrounds to consider applying to university and offer activities to develop skills and confidence. Our Access to Dental Occupations – Practice and Tutoring (ADOPT) is an example of this. ADOPT targets young people who are interested in a career in the field of dentistry, as a dentist, hygienist or therapist. The aim is to encourage students from backgrounds which are under-represented in higher education and provide support and guidance through a range of exciting activities and events, and to help them overcome the barriers that might discourage them from applying for a place at university.

During 2011–12 we continued to develop our programmes to raise young people’s aspirations to study in higher education and to help them achieve their full potential. A key development this year was the creation of the Higher Education Progression Partnership (HEPP) which is a collaborative initiative with Sheffield Hallam University and other key stakeholders in the city and region. Through HEPP we have delivered a range of events, focusing initially on ensuring that young people, their families and other advisers have understood the changing financial situation for higher education students.

We have also redeveloped a number of outreach programmes to reflect the changing demands from schools and colleges. Our US in Schools – Mentoring project was piloted this year with a view to rolling it out in 2012–13. This scheme places current University students in local schools and colleges to support classroom activity and offers mentoring opportunities for younger pupils.

Our newly developed Widening Participation Research and Evaluation Unit is a key commitment within our Access Agreement to the Office for Fair Access for 2011–12. This unit will lead the University’s monitoring and evaluation of outreach and widening participation initiatives and coordinate or undertake academic research into key themes in widening participation, for dissemination within the sector and to inform our own practice.

Scholarships, bursaries and fee waivers (£m)



*We continue to develop our programmes to raise young people’s aspirations and help them achieve their full potential.*



# Civic University

## Community, environment and corporate social responsibility

The University cares about its community and the world, and we try to operate in a sustainable and ethical way, whilst standing up for equality and diversity.

As a major employer in our region and a world-leading university, the economic benefits we bring to Sheffield are enormous. There are also many opportunities for the local community. Courses, public events, lectures and sporting facilities are available to local residents and we collaborate with schools and other agencies in the city.

We recognise that the presence of so many predominantly young students has a significant impact on local communities. We are committed to building good community relations and are determined that our students are aware of their responsibilities in the neighbourhood. They are active in contributing positively to Sheffield life through volunteering and other community activities.

University students have also used engineering and enterprise to find solutions for people in the community and to make their lives better. For example, a group of innovative students from Aerospace Engineering created a unique device to help Kieron, an 11-year-old cerebral palsy sufferer, achieve his dream to cook.

During 2012 the University has teamed up with the city's creative community for the Festival of the Mind, a celebration of ideas, culture and collaboration.

At its close Professor Rebecca Hughes remarked: "The end of our amazing Festival of the Mind marks the beginning of a new chapter for us as we commit to our identity as a civic university. The word civic means partnership with citizens – locally and across the world. All the most important questions we face as a society today require partnership. None of us can solve our challenges alone. It's about adding value by working together with the people around us and learning from them as well. It's not just about doing good things in the world. It's about being in the world and doing good things with the world around us."

Our environmental policy provides the framework for all our work, whether it be in relation to energy saving, waste and recycling or sustainable transport. We recognise the challenge posed by climate change, and will identify and set challenging environmental targets to continuously improve our environmental performance. The University will embed the principles of sustainability into its corporate culture, aiming to become an exemplar of good practice and a leader in environmental management within the higher education sector.

As well as working to improve our internal environmental credentials, we also help others by researching new sustainable technologies and examine how to best change people's behaviours to adopt more sustainable approaches. For example, Project Sunshine aims to harness the power of the sun to tackle the biggest challenge facing the world today: meeting the increasing food and energy needs of the world's population in the context of an uncertain climate and global environment change.

This year our Green Impact team went from strength to strength, driving behavioural change through an annual inter-department competition to reduce our environmental impact. The competition outlines simple ways to reduce our impact on the environment and over 26 departments took part. We were also delighted that the University of Sheffield and our Energy Team were awarded the Carbon Trust Award for our work reducing carbon emissions across the campus.

Our BeCause website, which was launched this year, gives information about all our corporate social responsibility activity – from our life-changing research to the opportunity for staff to donate money to good causes tax-efficiently – in one place so that students, staff and community members can find out more.

*We recognise the challenge posed by climate change, and will identify and set challenging environmental targets to continuously improve our environmental performance.*

*The word civic means partnership with citizens – locally and across the world.*



# Strategic planning

The University of Sheffield's mission, vision and identity frames our approach to strategic planning. Although our guiding principles need to be applied to changing situations and conditions – and to new ways of working – we see them as enduring over time. They stand as the touchstone of the kind of university we aspire to be, guiding the choices we all make in our daily work.

## The University's Mission

Our purpose has long been to improve the world by seeking to understand it better. The University's motto, 'Rerum Cognoscere Causas', comes from Virgil's *Georgics* and means 'to know the causes of things'. We now define the University's mission in more contemporary language as 'to discover and understand'. We remain committed today to the goal of changing the world for the better through the power and application of ideas and knowledge.

## The University's Vision

The University of Sheffield will be one of the best universities in the world, renowned for the excellence, impact and distinctiveness both of its research and its research-led learning and teaching. This vision is grounded in a strong belief in a culture of higher education built on a positive interaction between learning, teaching and research.

## The University's Identity

The University of Sheffield has roots going back to 1828 and was founded formally in 1905 via penny donations from the local citizens to bring higher education within the reach of the children of the people working in the great industries of Sheffield, to give support to those industries and to serve as a centre for the study of diseases. The University is proud of its origins and continues to value the role it plays in its city and region.

The University has expanded from its original intake of 114 students to nearly 25,000, who now study across a broad range of areas spanning arts and humanities, social sciences, medicine, science and engineering. We promote the potential for higher education to transform people's lives and welcome a hugely diverse range of staff and students from around the world to our city. We recognise too that some issues of international importance in the 21st century are entirely different from those of the past. We seek to play a leading role in the research and teaching needed to address the biggest issues facing our world today.

Over the years, the growing extent of our ambition and the increasing number of exchanges of people and ideas has developed the University's reach. We are now a truly international university with a world-wide reputation. The University holds charitable status as an Exempt Charity and the Council and senior management have had due regard to the Charity Commission's public benefit guidance.

Public benefit is integral to the culture of the University, and is embedded in its foundations. More than 100 years ago, the local people of Sheffield, captains of industry and factory workers alike, understood the tremendous impact that a University for Sheffield would have on improving their children's lives through education; on regional and international trade; and on society's health, wellbeing and future prosperity. So strongly did they believe in higher education as a force for good, that they raised £50,000 in penny collections (circa £15 million today) to build a University in their city.

## The University's Guiding Principles

The University's strategic plan is structured around six guiding principles that underpin the University's mission and inform all our strategic decisions. They combine to constitute a shared framework for our activities.

### *Achieving Excellence*

Excellence indicates the very highest quality, significantly exceeding the norm, as reflected by the 'Made in Sheffield' stamp. It reflects a refusal to accept the ordinary. We aim to create an environment that supports and promotes success, encouraging staff and students to achieve and excel.

### *Cultivating Ambition*

We set challenging and important goals. We are willing to grapple with the most difficult intellectual and practical problems of our time and are not easily daunted. We want to attract and retain people with ambition and to provide them with the opportunities to realise their dreams and develop their talents.

### *Making a Difference*

Universities are one of society's engines of change. We seek to create, discover, share and apply knowledge through teaching and research in ways that make a difference and ensure that our work has a genuine cutting edge. We also want to make the experience of being part of the University something that shapes the life and prospects of everyone who comes here.

### Working Together

Solutions to important problems depend increasingly upon collaboration: between staff and students, across disciplines and in partnership with others locally, nationally and internationally. We aim to build inclusive teams, maximising the benefits of difference and drawing on the skills and potential of the widest possible range of colleagues.

### Protecting the Future

We have to think beyond the short term. In order to safeguard our core academic activities and the student experience for the future, we must ensure that our research and teaching are financially sustainable. We need to use resources effectively, transparently and responsibly and to be resilient and adaptable in the face of change.

### Leading the Way

We believe that universities have a responsibility to look ahead to important new problems and to offer intellectual leadership to society in response to them. We expect our staff to be leaders both in their fields and in the governance of the University and we encourage our students to think how they too can shape the world both now and into the future.

### Institutional sustainability

The University has a range of Key Performance Indicators (KPIs) that are used to monitor progress against the strategic plan. The financial health KPIs provide an input to the institutional sustainability assessment which has been developed following recommendations from the HEFCE Financial Sustainability Strategy Group (FSSG). The FSSG suggested that in addition to annual KPIs, the University should review these on a rolling basis (previous year's actual results, plus four years of the current existing forecast). These results are illustrated in the table below which demonstrates the positive progress against these indicators.

#### Rolling average key performance indicators

	31 July 2007	31 July 2008	31 July 2009	31 July 2010	31 July 2011	31 July 2012
Historical cost surplus as % of income	2.7%	5.0%	4.4%	4.3%	5.4%	4.8%
Discretionary reserves (excluding pension liability) as % of income	15.9%	20.3%	23.8%	27.4%	31.9%	39.7%
External borrowing as % of income	25.5%	24.3%	22.5%	21.0%	19.7%	16.4%
Net cash flow as % of income	5.0%	8.0%	8.3%	7.9%	8.2%	10.2%
Net liquidity days	76	86	96	97	96	69

*We define the University's mission as 'to discover and understand'. We remain committed today to the goal of changing the world for the better through the power and application of ideas and knowledge.*

# Strategies

## Financial strategy

The achievement of the University's Mission, Vision and Identity depends on the University creating and maintaining a healthy financial position. The University's financial situation provides both the opportunities and constraints for our future development. It enables and is affected by all of our activities. This is facilitated through the following seven objectives:

- Ensure that the University's financial strategy targets are met.
- Ensure that financial risks associated with all ongoing activities and new opportunities are managed in accordance with the University's stated risk policy.
- Ensure high standards of financial probity and accountability through robust financial processes and provision of professional financial services.
- Increase the value and diversity of income from sustainable, unrestricted sources.
- Ensure that the University is able to maintain and improve its facilities and infrastructure in order to sustain and increase its productive capability and its competitive position consistent with its corporate plan.
- Ensure that the financial consequences of activities are fully evaluated and embedded within corporate, faculty and departmental level planning and decision making and that this is supported by relevant and timely financial information.
- Ensure that the University achieves value for money in all its core and supporting activities.

## Human resources strategy

The human resources strategy will attract, grow and engage a diverse range of talented staff who have the ingenuity, energy, skills and knowledge to be at the forefront of our pioneering work and ambitious plans, with a commitment to continually enhancing the reputation of the University.

The human resources strategy has a strong alignment to the Mission, Vision and Identity of the University. As our staff are key to the achievement of the Strategic Plan and the Guiding Principles of the University, the successful delivery of the 'Attract, Grow and Engage' priorities of the human resources strategy are critical to the success of the University.

By developing an organisation which strives to achieve its Mission and Vision and lives by its Values, our human resources strategy will enable the University to develop a way of working whereby:

- Innovation and excellence is the norm in all we do.
- Respect for difference, diversity and inclusion is promoted and accepted by all.
- Investment and excellence in leadership and management is viewed as critical to the ongoing success of the University.
- The ability to be creative and adaptable to changing circumstances is essential.
- A sense of belonging and engagement with the University is nurtured and developed.
- Commitment to the development of the University and the enhancement of its reputation is seen as everyone's responsibility.
- Efficient and effective use of staff resources in line with the University's strategy is seen as crucial to the future success of the organisation.

## Estates strategy

The University of Sheffield's estate is a key resource that needs to be well planned, managed and continually improved in order to support the achievement of our academic priorities in teaching and learning, research and knowledge exchange. Providing a high-quality learning and research environment fit for purpose for a world-leading research university in the 21st century is an essential component of the University's Strategic Plan to 2015; one which aims to give all students an outstanding educational and social experience, and staff the facilities they need to work creatively and effectively.

Since the start of the new century, the University of Sheffield has completed a number of iconic and innovative projects that have attracted international attention, such as the Jessop West Building and the Nuclear Advanced Manufacturing Research Centre (Nuclear AMRC). Recently completed major renovation and refurbishment of landmark buildings in the city such as the Arts Tower have similarly received widespread acclaim for the quality of the restoration work and the sympathetic treatment of our urban heritage. Building on these successes, our aim is to enhance our remaining estate and the city landscape with investment in a mixture of appropriate new development and refurbishment of legacy buildings.

The challenges facing the University are many and varied. Over the next five years the University will continue to grow its activities. Expansion is occurring differentially in response to strong demand from students, industry, sponsors and other organisations with which we are developing partnerships. It is very likely that government funding support to universities for capital and infrastructure will be heavily constrained over the planning period to 2015.

In this context, our response is to establish clear priorities in line with our academic objectives, obtain best value from a wide range of investment sources, continue to press downwards on our operating costs, and keep our plans within the bounds of what is affordable and realistic.

In particular the estates strategy includes a focus on:

- Improvements to the general estate condition so that the physical environment, buildings, services and public realm can continue to support world-class teaching and research.
- An absolute reduction in the University's carbon footprint in order to meet our corporate and social responsibility agenda as well as our legal obligations associated with the Climate Change Act 2008.
- Improvements to our use of the estate resource so that we maximise the efficiency of the estate and reduce our operating costs.
- Provision for targeted growth in student numbers and research activity through a combination of investment and improvement in our efficiency.

### Risk management strategy

The Risk Review Group was established in 2008 to oversee all strategic and operational levels of risk and opportunity management. Responsibilities and reporting processes have been fully integrated in faculties and professional services in line with the risk policy which is reviewed annually, most recently in June 2012.

The University's definition of risk is: any uncertain event or set of events which, should it occur, will have an effect on the achievement of the University's current or future objectives. This could have a positive (opportunity) or a negative (threat) outcome. A risk consists of a combination of the probability of a perceived threat or opportunity occurring and the magnitude of impact that this perceived threat or opportunity would have upon the University's objectives.

The University has developed a statement of its appetite for risk which supports risk management across the institution. The University takes a balanced approach to risk across the full range of its activities. The University has a low risk appetite for mission critical risks. However the risk appetite of individual faculties and professional services may vary. A low institutional appetite for risk provides context and support for a less risk-averse approach by the faculties and this variation in risk appetite is both positive and beneficial for the institution.





Sir Roger Bone, President of Boeing UK

## Our University

### Research and innovation

Our research strategy upholds the ideals of discovery and acknowledges new ways of acquiring, investigating and developing knowledge. It also recognises universities' wider responsibilities in applying knowledge. Our research culture supports academic freedom and independence, encourages radical thinking, and challenges orthodoxies.

It is the nature and scale of our interdisciplinary research that makes us stand out from other universities. We bring together people from diverse research backgrounds in virtual centres, physical institutes, or state-of-the-art environments designed to foster world-leading interdisciplinary research excellence. We are among the leading Russell Group universities for the success and impact of our research knowledge transfer activities.

The University has well-established partnerships with a number of universities and major corporations, both in the UK and abroad. Its partnership with Leeds and York Universities in the White Rose Consortium has a combined research power greater than that of either Oxford or Cambridge.

The University of Sheffield is committed to raising the awareness and understanding of the public value that is created by the breadth of research activity across the institution. Staff from all disciplines are committed to disseminating their research in order to ensure that the benefits and economic and societal impacts are felt as widely as possible.

Our research has continued to push the boundaries. Catalytic Clothing seeks to explore how clothing and textiles can be used as a catalytic surface to purify air, employing existing technology in a new way. It is the brainchild of artist-designer Professor Helen Storey and chemist Professor Tony Ryan – people from very different worlds whose minds have come together over recent years in highly successful art-science collaborations.

The Sheffield Political Economy Research Institute (SPERI) is a new interdisciplinary research institute at the University of Sheffield. SPERI aims to bring together leading international researchers in the social sciences, policy-makers, journalists and opinion formers to reassess and develop substantive proposals to respond to the political and economic challenges posed by the global financial crisis and its legacy.

*Our research strategy upholds the ideals of discovery and acknowledges new ways of acquiring, investigating and developing knowledge.*

The University also participates in research with industry. Sir Roger Bone, President of Boeing UK and one of the Prime Minister's honorary ambassadors for manufacturing has stated that the University of Sheffield is one of the relatively few across the globe that really understands the link between manufacturing research and industrial application. The Advanced Manufacturing Research Centre (AMRC) is being seen in government circles as a role model for collaboration between higher education and industry. Sir Roger says: "The University of Sheffield and AMRC were selected by Government as being the kind of kernel of the advanced manufacturing Technology Innovation Centres. This is added recognition of the excellent work they are doing. The AMRC has grown considerably since it was established and now has partners developing new manufacturing technologies that enhance the competitiveness of British industry across a broad spectrum of sectors – not only aerospace – but also marine, automotive and medical."

During the year the Nuclear Advanced Manufacturing Research Centre (Nuclear AMRC) was officially opened by HRH The Duke of York. The Nuclear AMRC combines academic innovation with industry expertise to help UK manufacturers seize the opportunities of new investment in nuclear power and other innovative energy technologies. The new centre has a huge role to play in assisting UK manufacturers to enter the nuclear new build market, both at home and globally.

### Fundraising

This year we celebrated the 10th anniversary of the Development and Alumni Relations Office. During this time, more than £30 million has been raised in philanthropic donations and pledges and this year the University received its 12,000th gift. We would like to thank all our alumni and friends for their continued generosity in supporting the University and our students.

Amongst the highlights of our year was the Vice-Chancellor receiving a national award from HEFCE/CASE Europe, as part of HEFCE's Matched Funding Scheme. We raised £11.4 million, triggering matched funding of £2.75 million.

Major donations included a £315,000 gift from the Sheffield Institute Foundation for Motor Neurone Disease to support SiTraN. We also continue to be grateful for the support of the Wolfson Foundation, which donated £225,000 to fund Arts and Humanities PhD scholarships. Donations to establish scholarships in memory of alumni and staff included £100,000 in memory of Dr Ian Noble to support Medicine, £50,000 in memory of Professor Ian Rorison, for Animal and Plant Science, and £50,000 for the Professor Geoffrey Bownas Memorial Fund in Japanese Studies.

Legacy fundraising is also of great significance. Over 500 supporters have now included the University in their will. Notable legacies this year included £250,000 from Mrs Mildred Richardson for SiTraN, £225,000 from Mrs Margaret Sheard for Geography, and US\$100,000 from Mr Barry Jackson for Mathematics and Pure Science.

*More than £30 million has been raised in philanthropic donations and pledges and this year the University received its 12,000th gift.*

To honour our late Vice-Chancellor, we created the Professor Robert Boucher Distinguished Alumni Award to honour alumni demonstrating significant service to the University and city of Sheffield.

### SheffieldVolunteering

In 2011–12, 1,659 student and staff volunteers from 57 departments across the University were active in our local community through SheffieldVolunteering. Volunteering hours totalled 26,269 and 143 organisations benefited.

Across the city, volunteers helped to raise aspirations, supported people living with difficulty, disability or disadvantage, contributed to improving facilities and supported local action on heritage and environmental issues. Volunteers were active in 63 different areas, mainly in Sheffield itself but also further afield.

This year, we were also delighted to host the pilot of the Lloyds Scholars scheme. Fifteen students were each set the challenge of completing 100 hours of volunteering. Highlights included a storytelling day where pupils developed a new book plot and a primary school University in a Day event.

Through Raising And Giving (RAG) students raised and donated an incredible £187,110 to good causes. In all, 1,268 students were involved in the programme which involved 182 different activities. Fundraisers baked cakes, skydived, sang carols, hitch-hiked, slept out, treasure-hunted in a race across Europe, put on a fashion show, sold glowsticks, endured a leg 'waxathon', rattled buckets, and much more.

Over 100 student clubs and societies participated and over 83 per cent of the funds were donated within the Yorkshire region. To date, over 110 local organisations have benefited.

*Through Raising And Giving (RAG) students raised and donated an incredible £187,110 to good causes.*

### Alumni achievements

During the past year alumni of the University have achieved great success within their professions.

#### Hilary Mantel

(BJur 1973, Hon LittD, 2005)  
has won the Man Booker Prize for the second time for her novel *Bring up the Bodies*.



#### Jessica Ennis

(BSc 2007, Hon LittD, 2009)  
won the Gold Medal in the Heptathlon at the London 2012 Olympics.



#### Stephen Daldry

(BA 1982, Hon LittD 2001)  
was Head of the Olympics Ceremonies and organised the closing ceremonies for the Games.



#### Vice-Admiral Sir Charles Montgomery

(BEng 1976, Hon DEng 2012)  
retired as Second Sea Lord.



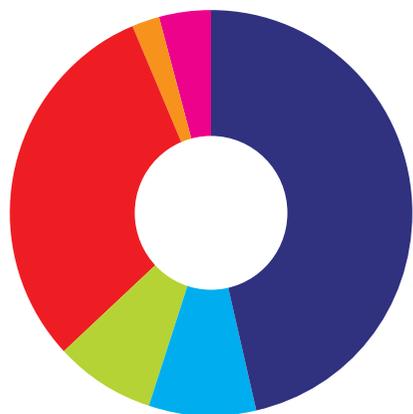


*Professor Tony Ryan and Professor Helen Storey, Catalytic Clothing*



# Our students

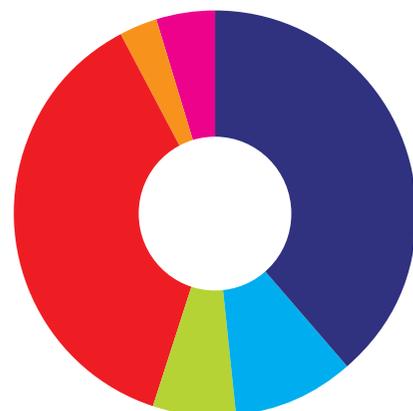
## Our student population – applications



**1 August 2010 – 31 July 2011**

UG Home	29,918
UG Overseas	5,700
PGT Home	5,119
PGT Overseas	19,725
PGR Home	1,403
PGR Overseas	2,619

**Total applications 64,484**



**1 August 2011 – 31 July 2012**

UG Home	25,272
UG Overseas	6,316
PGT Home	4,415
PGT Overseas	24,217
PGR Home	1,939
PGR Overseas	2,988

**Total applications 65,147**

# Our students

## Student numbers 2011–2012

Full-time students							
Faculty	Undergraduate			Postgraduate			Total
	Home/EC	Overseas	Sub total	Home/EC	Overseas	Sub total	
Faculty of Arts	2,847	20	<b>2,867</b>	352	203	<b>555</b>	<b>3,422</b>
Faculty of Engineering	1,829	985	<b>2,814</b>	494	870	<b>1,364</b>	<b>4,178</b>
Faculty of Medicine	1,988	139	<b>2,127</b>	256	236	<b>492</b>	<b>2,619</b>
Faculty of Science	2,993	295	<b>3,288</b>	437	176	<b>613</b>	<b>3,901</b>
Faculty of Social Sciences	4,629	845	<b>5,474</b>	978	1,281	<b>2,259</b>	<b>7,733</b>
<b>Total</b>	<b>14,286</b>	<b>2,284</b>	<b>16,570</b>	<b>2,517</b>	<b>2,766</b>	<b>5,283</b>	<b>21,853</b>

Part-time students							
Faculty	Undergraduate			Postgraduate			Total
	Home/EC	Overseas	Sub total	Home/EC	Overseas	Sub total	
Faculty of Arts	106	35	<b>141</b>	203	23	<b>226</b>	367
Faculty of Engineering	37	21	<b>58</b>	60	27	<b>87</b>	145
Faculty of Medicine	254	42	<b>296</b>	517	75	<b>592</b>	888
Faculty of Science	52	14	<b>66</b>	72	6	<b>78</b>	144
Faculty of Social Sciences	646	32	<b>678</b>	806	184	<b>990</b>	1,668
<b>Total</b>	<b>1,095</b>	<b>144</b>	<b>1,239</b>	<b>1,658</b>	<b>315</b>	<b>1,973</b>	<b>3,212</b>

Additional students	
Modern Languages students abroad	219
Architecture students In office practice	135
Students on optional year outs	86
Erasmus and Year Abroad students	273
<b>Total</b>	<b>713</b>

First degree award classifications							
Faculty	1	2.1	2.2	3	Pass	Unclassified	Grand total
Faculty of Arts	131	658	86	2	3	–	880
Faculty of Engineering	214	278	104	24	22	–	642
Faculty of Medicine	89	98	67	6	73	225	558
Faculty of Science	229	439	170	23	14	–	875
Faculty of Social Sciences	214	1,010	339	23	110	–	1,696
<b>Grand total</b>	<b>877</b>	<b>2,483</b>	<b>766</b>	<b>78</b>	<b>222</b>	<b>225</b>	<b>4,651</b>
<b>Percentages</b>	<b>19%</b>	<b>53%</b>	<b>16%</b>	<b>2%</b>	<b>5%</b>	<b>5%</b>	

From 2012, MB.CHB and BDS degrees outcomes are all reported as 'Unclassified'. These are non-modular programmes and do not use standard degree classifications as shown in the results table.

Certificates and Diploma awards			
Faculty	Diploma	Cert	Grand total
Faculty of Science	–	15	15
Faculty of Social Sciences	2	156	158
Faculty of Medicine	38	8	46
<b>Grand total</b>	<b>40</b>	<b>179</b>	<b>219</b>

### International students

Our popularity with international students continued to grow strongly, with both undergraduate and postgraduate international student registrations reaching record highs in September 2011. International students now make up 26 per cent of our student body, with 125 different nationalities studying on campus.

We continued to increase our partnerships with major sponsoring bodies overseas, including national and regional authorities in Iraq and Kurdistan, who are investing significantly in professional development of university staff as part of post-conflict reconstruction and development. The first cohorts of these high-quality Iraqi students completed their English language training at the University's English Language Teaching Centre and are now pursuing postgraduate studies at the University. Elsewhere, the University signed up to the Science Without Borders scheme, a major initiative by the Brazilian government to sponsor tens of thousands of Brazilians to study overseas, primarily in science and technology disciplines, at all levels from undergraduate to doctoral-level study.

The Senate approved a new internationalisation strategy for the University, which will see greater focus on the development of strategic partnerships with leading institutions in core locations around the world. The first of these was signed with Nanjing University, China, following a series of successful collaborations, including a major joint research initiative in the field of optoelectronics.

### Union of Students

2012 saw the culmination of the Students' Union Strategic Plan 2009–2012, with the vast majority of the plan achieved and the target of being 'the outstanding student-led organisation' met.

In the first year of HEFCE Key Information Sets, the Students' Union received the highest satisfaction score of 95 per cent in the UK, alongside being ranked number one for the fourth year in a row in the annual Times Higher Education Student Experience Survey.

The Students' Union is run by students for students and 70 per cent of its members are either in a club, society or committee. This year saw a 10 per cent increase in volunteering and the highest ever voter turn-out in the officer elections. We also received external recognition for our activities. Forge Media received the prestigious Best Student Media accolade at the 2012 NUS Awards. In addition, the marketing volunteers programme was awarded the Molson Coors Water Stewardship Award at the Green Impact Awards for its work on the Freeasy campaign, promoting replacing the sale of bottled water with water fountains all over the Students' Union building.

Following phase one of the Students' Union building project, the building continued to be a focus of campus life with student enquiries up in every building area. New initiatives were added to the wide and varied programme, from the expansion of the Give It A Go language programme to the introduction of a new skills and training section to support student employability. Preparation work also began for phase two of the building project.

*The Students' Union building continued to be a focus of campus life with student enquiries up in every building area.*



# Rankings

We are consistently ranked amongst the top universities in the country and are currently ranked top in our region for overall student satisfaction. In the QS World University Rankings, the University of Sheffield was placed 66th out of more than 2,500 institutions across the world, rising six places from last year. We were one of just 18 universities in the UK to be named in the top 100 and attained the highest position of any university in Yorkshire and the Humber.

We are ranked third in the country for student experience and our Students' Union has also retained the position of the best in the country in the National Student Satisfaction Survey.

*We are consistently ranked amongst the top universities in the country and are currently ranked top in our region for overall student satisfaction.*

UK World and European rankings	Position
Academic Ranking of World Universities 2012	10–14 range (in the UK)
Academic Ranking of World Universities 2012	101–150 range (in the world)
QS World university Rankings 2012	66th
Times Higher Education World Rankings 2012–13	110th (in the world)
Times Higher Education World Rankings 2012–13	38th (in Europe)
Times Higher Education World Rankings 2012–13	13th (in the UK)
Times Higher Education Student Experience Survey 2011	3rd
The Sunday Times University Guide 2013	18th
The Times Good University Guide 2013	21st
The Virgin Alternative Guide to British Universities 2012	'Top university across the board'
Research Assessment Exercise 2008	Top 10

### University of the Year

Since November 2011 we have held the title of University of the Year from the Times Higher Education Awards. Judges said that the University stood out as a result of a strategy based on its values and rooted in its founding principles and praised our determination and grit in focusing on our local community. The judges found us to be a quality, research-led university, and a community with values, confidence, flair and its sleeves rolled up.

### Third in the country for student experience

Our student experience is rated third in the country according to the Times Higher Education Student Experience Survey. More than 14,000 students are surveyed annually to show which universities offer the best all-round student experience. The University of Sheffield outshone Oxford and Cambridge, coming first in the Russell Group universities category. It was also ranked first out of universities in the Yorkshire and Humberside region.

Our award-winning Students' Union remains at the top of the rankings, rated best in the country. Highlights of the survey for the University include:

- Students' Union rated joint top.
- Joint first for support and welfare.
- Rated joint top for social life.
- Joint second for library and library opening hours.
- Joint second as a university people would recommend to a friend.

### Student satisfaction – top in the region

We maintained an overall satisfaction score of 90 per cent for the second year running in the National Student Survey (NSS) and we are ranked top in the region.

Satisfaction at the University has improved since 2011 in 13 of the 22 core survey questions. Eighty-nine per cent of students were satisfied with the quality of teaching on their course, 89 per cent with the learning resources available to them, 83 per cent with the personal development they received and 82 per cent with the academic support provided to them.

Twenty-four of the University's 45 subjects received an overall satisfaction score of 90 per cent or above, with a further 20 subjects gaining a satisfaction score between 80–89 per cent.

When compared to other Russell Group universities, we are ranked fourth for overall student satisfaction by the NSS.

The University of Sheffield's Students' Union has also been rated the best in Britain, according to the latest National Student Survey with an overall satisfaction score of 95 per cent, significantly above the sector average of 66 per cent.

### Student Barometer

The University also topped the Student Barometer survey (International Graduate Insight Group) for having the highest percentage of students willing to recommend their institution to others – at 92 per cent. Students rated computing support at the University top in the UK, and second internationally and the Students' Union retained its position of number one in the UK based on overall student satisfaction. Of the eight Russell Group universities that participated in the survey, the University was also placed top for learning and second for arrival experience.

*The University of Sheffield's Students' Union has also been rated the best in Britain, according to the latest National Student Survey.*

# Our University at a glance

## Officers and the Council

### Officers of the University Session 2011–2012

The Chancellor

**Sir Peter Middleton**

The Pro Chancellors

**Mr P N Firth**

**Mr A P Pedder**

**Mrs K E Riddle** (Chairman of Council)

The Treasurer

**Mr D E Young**

The Vice-Chancellor

**Professor K Burnett**

The Cross Cutting Pro-Vice-Chancellors

**Professor R Hughes**, *International*

**Professor R A L Jones**,

*Research and Innovation*

**Professor P E White**,

*Learning and Teaching*

The Faculty Pro-Vice-Chancellors

**Professor M Braddick**,

*Arts and Humanities*

**Professor M J Hounslow**, *Engineering*

**Professor A P Weetman**, *Medicine,*

*Dentistry and Health*

**Professor A J Ryan**, *Science*

**Professor A J Payne**, *Social Sciences*

(until May 2012)

**Professor G Valentine**

(from September 2012)

Registrar and Secretary

**Dr P K Harvey**

### The Council of the University Session 2011–2012

Ex-officio members

The Pro Chancellors

The Treasurer

The Vice-Chancellor

One Pro-Vice-Chancellor

**Professor P E White**

The Chairman of Convocation

**Mr R B Wrigley**

Persons appointed by the Council

**Dr D Bott**

**Ms S H Harkness**

**Mr J G Kelly**

**Ms A M Legg** (from June 2012)

**Professor G Russell** (until May 2012)

**Mr O G Stephenson**

One Faculty Pro-Vice-Chancellor appointed annually by the Vice-Chancellor

**Professor A P Weetman**

Three members of the Senate elected by the Senate

**Professor R F W Jackson**

**Mr M J Lewis**

**Professor L L Maltby**

The President of the Union of Students

**Mr T R Arnold**

One person who is not a member of academic or academic-related staff

**Mr A D Kerr**

Secretary to the Council

**The Registrar and Secretary**

## Faculties and Departments

### Arts and Humanities

Archaeology

Biblical Studies

School of English

French

Germanic Studies

Hispanic Studies

History

School of Modern Languages and Linguistics (SOMLAL)

Music

Philosophy

Russian and Slavonic Studies

### Engineering

Automatic Control and Systems

Engineering

Chemical and Biological Engineering

Civil and Structural Engineering

Computer Science

Electronic and Electrical Engineering

Materials Science and Engineering

Mechanical Engineering

### Medicine, Dentistry and Health

Cardiovascular Science

School of Clinical Dentistry

School of Health and Related Research (SchARR)

Human Communication Sciences

Human Metabolism

Infection and Immunity

The Medical School

Neuroscience

School of Nursing and Midwifery

Oncology

### Science

Animal and Plant Sciences

Biomedical Science

Chemistry

School of Mathematics and Statistics

Molecular Biology and Biotechnology

Physics and Astronomy

Psychology

### Social Sciences

Architecture

East Asian Studies

Economics

School of Education

Geography

History

Information School

Journalism Studies

Landscape

Law

Lifelong Learning

Management

Politics

Sociological Studies

Town and Regional Planning

### International – City College, Thessaloniki

Business Administration and Economics

Computer Science

Executive Education Center

Humanities and Social Sciences

Psychology

# Financial Statements 2011–2012.



# Corporate governance

The following statement is given to assist readers of the financial statements to obtain an understanding of the governance and legal structure of the University of Sheffield. The University is an independent corporation whose legal status derives from a Royal Charter granted in 1905. It is an educational charity, with exempt status, regulated by the Higher Education Funding Council for England (HEFCE) in its capacity as Principal Regulator. The University's objectives, powers and governance framework are set out in its Charter and supporting Statutes. The University's Charter requires the existence of the following three bodies whose main functions are detailed below.

## The Senate

The Senate is the academic authority of the University. Its role is to direct and regulate the teaching and research work of the University. Chaired by the Vice-Chancellor, its membership is drawn mainly from the academic staff of the University and also includes student representatives.

## The Court

The Court is a large, formal body comprised mainly of lay members. Its membership is representative of the University and the community in which it is set. Court meets once per year to receive annual reports from the Council and the Senate, and to receive and consider the annual financial statements of the University.

## The Council

The University's Council is the governing body of the University and its Board of Trustees, responsible for the strategic development and overall performance of the University's business. Subject to the powers of the Senate, it has ultimate responsibility for all areas of operation. The Council's membership is set out in full on page 40 and comprises lay and academic persons, including student representation, appointed under the Statutes of the University, the majority of whom are non-executive. The role of the Chair of the Council is separate from that of the University's Chief Executive, the Vice-Chancellor. The performance of the Vice-Chancellor is monitored through the provisions of Section 6 of the Charter and Ordinance VI and through the existence and application of the Staff Review and Development Scheme, carried out by the Chair of the Council. The appointment of the Secretary to the Council with appropriate separation in the lines of accountability is through the provisions of Ordinance IX.

The matters specially reserved to the Council for decision are set out in the Statutes of the University, by custom and under the Financial Memorandum with the Higher Education Funding Council for England. The Council holds to itself the responsibilities for the ongoing strategic direction of the University, approval of major developments and the receipt of regular reports from Executive Officers on the day-to-day operations of its business and its subsidiary companies. Following a review of Council effectiveness, a review of the arrangements whereby Council delegates its powers to other bodies and individuals is currently in progress, to ensure clarity and fitness for purpose, and a revised schedule of delegation will be presented to Council for approval during 2012–13.

In addition to the Nominations Committee and the Senior Remuneration Committee, which are formally constituted committees of the Council, much of the work of the Council is carried out through the following principal committees:

- The Finance Committee is the body responsible for advising the Council on all matters relating to the finances of the University. It recommends to the Council the University's financial statements for approval, annual revenue and capital budgets, monitors performance in relation to the approved budgets and monitors the execution of financial policies adopted by the Council.
- The Estates Committee acts as an expert advisory panel to the Council on estates matters in support of the Council's responsibility for the stewardship and development of the University estate and specifically to monitor the implementation of the University's estate strategy. The Committee reviews and appraises capital schemes to ensure effective and efficient procurement and scrutinises strategic development of the estate in terms of acquisitions and disposals. The Committee considers the implications of changing legislation, planning and governance requirements and monitors statistics required by HEFCE.
- The Audit Committee is constituted in line with guidance issued by HEFCE and comprises both lay members of the University Council and external co-optees with special expertise. Whilst senior executives attend meetings of the Audit Committee, they are not members of it. Both the external and internal auditors have independent access to the Committee, and vice versa.

The Audit Committee is responsible for making recommendations to the governing body on the appointment of both the internal and external auditors to the University. The Committee meets with the external auditors to discuss their audit findings, and to review and approve the audit aspects of the annual financial statements; and it provides the governing body with its own opinions as required by the HEFCE Code. It also approves and influences the annual audit plan prepared by the University's internal auditors, and considers completed audit reports; these deal with recommendations for the improvement of the University's systems of internal control. The Committee also reviews management responses to audit reports and monitors implementation of recommendations. The Committee also receives and considers reports from HEFCE as they affect the University's business and monitors adherence to the regulatory requirements.

- The Human Resources Committee is responsible for making recommendations to the Council for new or revised human resources policies to support overall strategic human resources objectives. The Human Resources Committee also approves procedures and receives and considers reports from the Director of Human Resource Management, including annual reports of meetings with campus unions.

### Full Statement of internal control

1. As the governing body of the University of Sheffield, the Council has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the governing body in the Charter and Statutes and the Financial Memorandum with HEFCE.
2. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
3. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31st July 2012 and up to the date of approval of the annual report and financial statements and accords with HEFCE guidance. The process is regularly reviewed by the Council and accords with the Turnbull Guidance. The University has formally adopted the CUC (Committee of University Chairs) Governance Code of Practice which is principally committed to improving the effectiveness of governance structures and processes. The University manages risks through a Corporate Risk Register. There are also Faculty and Operating Risk Registers, and Departmental Risk Registers for both academic and professional service departments. The Risk Review Group (a sub group of the University Executive Board) oversees these different levels

of risk. The University's risk management policy is reviewed annually by the Risk Review Group and by Council.

4. The following processes have been established:
  - a. The plans and strategic direction of the institution are specifically considered at one of the regular meetings of the Council every year.
  - b. The Council undertakes an annual assessment for the purpose of making its public statement on internal controls. This assessment considers issues dealt with in the periodic reports received.
  - c. The Council receives periodic reports from the Chair of the Audit Committee concerning internal control and risk management.
  - d. The Council has delegated its responsibility for overseeing the management of strategic risks to the Risk Review Group, which is a subgroup of the University Executive Board.
  - e. The Audit Committee receives regular reports from Internal Audit, which include Internal Audit's independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement. The Audit Committee may also request additional reports to gain assurance from other parties on areas of concern.
  - f. A series of facilitated risk management workshops have been held which have encompassed the University Executive Board, heads of professional services departments and heads of academic departments. Issues addressed have included the cascading of the management of risk at departmental level.

- g. A risk prioritisation methodology based on risk ranking has been established.
  - h. An organisation-wide risk register is maintained for corporate level risks.
  - i. A reporting structure has been implemented whereby high-level strategic opportunities and risks are overseen by the Risk Review Group and reported to the Council. The University Executive Board receives reports on the action taken on all corporate level risks, along with suggestions for additions to and deletions from the risk register.
  - j. The University has established a basket of Key Performance Indicators, which can be benchmarked against other publicly available data sources, and which are regularly reviewed by the Council.
  - k. A five yearly effectiveness review of the Council is undertaken. This is a self evaluation of the Council's effectiveness and that of its committees. The last review was considered at the November 2010 Council meeting.
  - l. The University keeps under regular review the policies, procedures and powers delegated by the Council to other bodies and individuals, including the Vice-Chancellor.
  - m. The Registrar and Secretary ensures that the University's constitution is followed at all times, taking advice where appropriate.
- 5. The institution has contracted its internal audit function to an external provider, which operates to standards defined in the HEFCE Audit Code of Practice and whose work is subject to review for effectiveness by the HEFCE Audit Service. The provider's supervising partner for the assignment functions as the institution's Head of Internal Audit. The internal auditors submit regular reports, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the institution's system of internal control, with recommendations for improvement.
  - 6. Our review of the effectiveness of the system of internal control is informed by the work of Internal Audit and by the executive managers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

# Independent auditor's report to the Council of the University of Sheffield

We have audited the group and University financial statements (the "financial statements") of The University of Sheffield for the year ended 31 July which comprise the Group Income and Expenditure Account, the Group and University Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Council, in accordance with the Charters and Statutes of the University. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of the University Council and auditors

As explained more fully in the Statement of Responsibilities of Council set out on page 48 the Council is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2012 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

## Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes;
- income has been applied in accordance with the University's Statutes; and
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matter where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion:

- the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the University and group.

**Stephen Clark**

For and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

**28 November 2012****Notes:**

- (a) The maintenance and integrity of the University of Sheffield website is the responsibility of the governing body; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Responsibilities of the Council of the University of Sheffield

In accordance with the University's Statutes, the Council of the University of Sheffield is responsible for the strategic development and overall performance of the University of Sheffield and is required to present audited financial statements for each financial year.

The Council is required to ensure that the financial statements are prepared in accordance with the University's Statutes, the Statement of Recommended Practice: Accounting for Further and Higher Education (2007) and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the Council of the University of Sheffield, the Council, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs at the balance sheet date of the University of Sheffield and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Council has to ensure that:

- Suitable accounting policies are selected and applied consistently.
  - Judgements and estimates are made that are reasonable and prudent.
  - Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University of Sheffield will continue in operation. The Council is satisfied that the University has adequate resources to continue in operation for the foreseeable future. For this reason the going concern basis continues to be adopted in the preparation of the financial statements.
- The Council has taken reasonable steps to:
- Ensure that funds from the Higher Education Funding Council for England and the Training and Development Agency for Schools are used only for the purposes for which they have been given, and in accordance with the Financial Memorandum with the Funding Council and the Funding Agreement with the Training and Development Agency for Schools and any other conditions which the Funding Council or the Training and Development Agency for Schools may from time to time prescribe.
  - Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.
  - Safeguard the assets of the University and prevent and detect fraud.
  - Secure the economical, efficient and effective management of the University of Sheffield's resources and expenditure.

# Statement of principal accounting policies

## 1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2007) and in accordance with applicable accounting standards. The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

## 2. Basis of consolidation

The consolidated financial statements include the University and all its UK subsidiaries for the financial year to 31 July 2012. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

In accordance with FRS 2, the consolidated financial statements do not include those of the Students' Union because the University does not control those activities.

## 3. Joint venture entities and associates

The University's share of income and expenditure in joint venture entities is recognised in the University's income and expenditure account in accordance with FRS 9. Similarly the University's share of assets and liabilities in associate entities is recognised in the University's balance sheet in accordance with FRS 9.

The gross equity method is used when consolidating joint venture entities and associate entities are consolidated using the equity method in accordance with FRS 9.

## 4. Intra-group transactions

Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated. Balances between the University and its associates and joint ventures are not eliminated; unsettled normal trading transactions are included as current assets or liabilities. Any gains or losses are included in the carrying amount of assets of either entity; the part relating to the University's share is eliminated.

## 5. Income recognition

Funding council block grants are accounted for in the period to which they relate.

Fee income is stated gross and credited to the income and expenditure account over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the University are

recognised in the statement of total recognised gains and losses and in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund and is reported in the statement of total recognised gains and losses.

Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the statement of total recognised gains and losses; a diminution in value is charged to the income and expenditure account as a debit, to the extent that it is not covered by a previous revaluation surplus.

All other income is credited to the income and expenditure account in the period in which it is earned.

#### 6. Agency arrangements

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

#### 7. Leases and hire purchase contracts

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Finance leases, which substantially transfer all the benefits and risks of ownership of an asset to the University, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

#### 8. Taxation

The University is an exempt charity within the meaning of schedule 2 of the Charities Act 1993. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478–488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA) or section 256 of the Taxation of Chargeable Gains Act 1992), to the extent that such income or gains are applied to exclusively charitable purposes. The University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent they are regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### 9. Accounting for goodwill and intangible fixed assets

Goodwill arises on consolidation and is based on the difference between the fair value of the consideration given for the undertaking acquired and the fair value of its separable net assets at the date of acquisition. Goodwill is amortised over its estimated economic life. Where goodwill and intangible assets are regarded as having limited useful economic lives, they are amortised over those lives up to a maximum of 20 years. Impairment tests are carried out at the end of the first year and thereafter subject to normal periodic reviews for indications of impairment. Where there is impairment in the carrying value of goodwill, the loss is incurred in the results for the period.

Positive purchased goodwill is capitalised and classified as an asset on the balance sheet. Negative goodwill is separately disclosed on the face of the balance sheet in fixed assets and is released to the income and expenditure account.

#### 10. Land and buildings

Land and buildings are stated at valuation. All valuations are carried out by parties external to the University. The basis of valuation is as follows:

Specialised properties	depreciated replacement cost
Non-specialised properties	open market value on existing use basis
Residential accommodation – operational assets	open market value
Residential accommodation – non operational assets	open market value

A full valuation of the University's halls of residence and other residential properties was carried out on 31 July 2010 by Saxton Mee Commercial.

A full valuation of the University's land upon which Catalyst Higher Education Sheffield PLC (Catalyst) has built the Student Village in accordance with the redevelopment of student residential provision, was carried out on 31 July 2010 by Eadon, Lockwood and Riddle.

A full valuation of academic, office, ancillary and support buildings was carried out on 31st July 2011 by Gerald Eve, Chartered Surveyors.

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross carrying amount of the tangible fixed asset concerned. Fixtures and fittings costing more than £50,000 that are purchased specifically to bring a building into use are capitalised over the appropriate useful economic life. Assets are depreciated on a straight-line basis.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated over their expected useful lives of 50 years and leasehold land over the life of the lease up to a maximum of 50 years. Refurbishments are depreciated over their expected useful lives, up to a maximum of 20 years. Where material, a depreciable asset's anticipated useful economic life is reviewed annually and the accumulated and future depreciation adjusted in accordance with FRS 15.

Specialised short-life assets, for example synthetic sports pitches, are depreciated over their expected useful lives up to a maximum of seven years.

Depreciation is charged against individual assets as soon as their full, unrestricted use becomes available to the University. In the year of acquisition, the depreciation charged against the asset is in proportion to the part of the year the asset is available for use.

No depreciation is charged on assets in the course of construction.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the related asset on a basis consistent with the depreciation policy.

These valuations are retained subject to the requirement to test assets for impairment in accordance with FRS 11. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of a fixed asset may not be recoverable. Where assets funded by deferred capital grants are impaired, the related deferred capital grant is released to income.

A value is attributed to the benefit of assets which the University does not own and for which no annual or nominal rental is paid, and are capitalised, with a corresponding credit to deferred capital grants, and thereafter depreciated over the period of use.

## 11. Equipment

Equipment, including computers and software, costing less than £20,000 per individual item is written off in the year of acquisition. All other equipment, including groups of equipment, are capitalised.

Capitalised equipment is stated at cost and depreciated over an expected useful life of a maximum of 10 years, with the exception of equipment acquired for specific research projects, which is depreciated over the average project life of three years.

Depreciation is charged against individual assets as soon as their full, unrestricted use becomes available to the University. In the year of acquisition, the depreciation charged against the asset is in proportion to the part of the year the asset is available for use.

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grant is treated as a grant received in advance and released to income over the expected useful life of the equipment.

Donated equipment is capitalised at its market value and depreciated over five years.

## 12. Assets held for resale

Tangible fixed assets surplus to requirements are held at the lower of cost and net realisable value.

### 13. Heritage assets

The University is in possession of a small number of artworks, a museum collection of glassware and a zoology collection. Many of these items have been donated to the University. The University conducted an independent valuation of heritage assets by Andrew Firth, Fine Art and Antiques Limited at 31 July 2008 which showed that the value of these items was not material, and accordingly no heritage assets have been capitalised. The University also has a number of exhibits relating to a heritage museum. No valuation of this collection has been carried out, as the cost of this was considered to be disproportionate to any potential value.

### 14. Investments

Listed investments held as fixed assets or endowment assets are shown at market value.

Investments in subsidiary undertakings are shown at the lower of cost or net realisable value, and investments in associates are shown in the consolidated balance sheet at attributable share of net assets.

Current asset investments, which may include listed investments, are shown at the lower of cost and net realisable value.

Interests in land and buildings held for their investment potential are included in the balance sheet at their market value without charging depreciation.

### 15. Stock

Stock is stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stock.

### 16. Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank, and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash.

Liquid resources comprise assets held as a readily disposable store of value. They include term deposits, government securities and loan stock held as part of the University's treasury management activities. They exclude any such assets held as endowment asset investments.

### 17. Foreign currency translations

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date, with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

### 18. Accounting for research and development

Expenditure on pure and applied research is treated as a part of the continuing activities of the University. Expenditure on development activities is carried forward and amortised over the period expected to benefit.

### 19. Financial instruments

The University uses derivative financial instruments to reduce exposure to exchange rate movements. Such derivative financial instruments are not held for speculative purposes and relate to actual assets or liabilities or to probable commitments.

All hedging instruments undertaken in respect of interest rate and foreign currency exposure and any amounts receivable or payable on hedging contracts are accounted for on a consistent basis with the underlying assets or liabilities. Interest payable and receivable is accounted for on an accruals basis. Premiums or charges incurred in respect of the hedge instruments are deferred and amortised over the term of the instrument. In instances where the derivative financial instrument ceases to be a hedge for an actual asset or liability, then it is marked to market and any resulting profit or loss recognised at that time.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 20. Maintenance of premises

The University has a rolling maintenance plan, which is reviewed on an annual basis. The cost of routine corrective maintenance is charged to the income and expenditure account as incurred.

## 21. Accounting for charitable donations

### Unrestricted donations

Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

### Endowment funds

Where charitable donations are to be retained for the benefit of the University as specified by the donors, these are accounted for as endowments. There are three main types:

1. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
2. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donated sum into income.
3. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

### Donations for fixed assets

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

### Gifts in kind

Gifts in kind are included in 'other income' or 'deferred capital grants' as appropriate using a reasonable estimate of their gross value or the amount actually realised.

## 22. Accounting for retirement benefits

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the University of Sheffield Pension Scheme (1975) (USPS). The schemes are defined-benefit schemes. The USS scheme is externally funded and contracted out of the State Second Pension (S2P). The USPS scheme is externally funded but is no longer contracted out of S2P. Each fund is valued every three years by professionally qualified independent actuaries. A small number of staff remain in other pension schemes.

Pension costs are assessed on the latest actuarial valuations of the schemes and are accounted for on the basis of FRS 17, except for the USS, a multi-employer scheme, for which contributions are charged directly to the income and expenditure account as if the scheme were a defined contribution scheme. The USPS scheme's assets are included at market value and scheme liabilities are measured on an actuarial basis using the projected unit method. The post-retirement benefit surplus or deficit is included on the University's balance sheet, net of the related amount of deferred tax. Surpluses are only included to the extent that they are recoverable through reduced contributions in the future or through refunds from the schemes. The current service cost and any past service costs are included in the profit and loss account within operating expenses and the expected return on the schemes'

assets, net of the impact of the unwinding of the discount on scheme liabilities, is included within other finance income. Actuarial gains and losses, including differences between the expected and actual return on scheme assets, are recognised, net of the related deferred tax, in the statement of total recognised gains and losses.

## 23. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow. Contingent assets are disclosed by way of a note, where there is a possible, rather than present, asset arising from a past event.

## Consolidated income and expenditure account

Year ended 31 July 2012			
	Note	Year ended 31 July 2012 £m	Year ended 31 July 2011 £m
<b>Income</b>			
Funding council grants	1	119.3	125.9
Tuition fees and education contracts	2	159.9	144.3
Research grants and contracts	3	108.8	101.3
Other income	4	60.2	61.0
Endowment and investment income	5	2.7	1.7
<b>Total income</b>		<b>450.9</b>	<b>434.2</b>
<b>Less: Share of income from joint ventures</b>		<b>(4.0)</b>	<b>(4.2)</b>
<b>Net income</b>		<b>446.9</b>	<b>430.0</b>
<b>Expenditure</b>			
Staff costs	6	231.3	221.4
Other operating expenses	7	152.1	135.1
Depreciation and impairment of assets	12, 13	38.0	37.7
Interest payable	8	6.2	6.6
<b>Total expenditure</b>	9	<b>427.6</b>	<b>400.8</b>
Surplus after depreciation of assets at valuation and before tax		19.3	29.2
Share of operating profit in joint venture		–	0.1
Share of operating profit in associate		0.5	0.2
Profit on sale of investments		0.1	0.6
Gain/(loss) on disposal of assets		0.2	(0.1)
<b>Surplus after depreciation of assets at valuation, disposal of assets and before tax</b>	11	<b>20.1</b>	<b>30.0</b>
Taxation	10	–	–
<b>Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax</b>		<b>20.1</b>	<b>30.0</b>
Minority interests		–	–
(Surplus)/deficit for the year transferred to accumulated income in endowment funds		(0.2)	0.2
<b>Surplus for the year retained within general reserves</b>		<b>19.9</b>	<b>30.2</b>

The income and expenditure account is in respect of continuing activities.

## Statement of group historical cost surpluses and deficits

Year ended 31 July 2012			
	Note	Year ended 31 July 2012 £m	Year ended 31 July 2011 £m
Surplus on continuing operations before tax, minority interests and transfers to endowments		20.1	30.0
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	22	8.2	10.1
Realisation of property revaluation gains/(losses) of previous years	22	0.3	(0.1)
<b>Historical cost surplus before tax, minority interests and transfers to endowments</b>		<b>28.6</b>	<b>40.0</b>
<b>Historical cost surplus after tax, minority interests and transfers to endowments</b>		<b>28.4</b>	<b>40.2</b>

## Statement of group total recognised gains and losses

Year ended 31 July 2012			
	Note	Year ended 31 July 2012 £m	Year ended 31 July 2011 £m
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets, tax and transfers to endowments		19.9	30.2
Unrealised surplus on revaluation of fixed assets	22	–	54.6
Appreciation in market value of endowment asset investments	21	–	1.9
Appreciation in market value of fixed asset investments	22	–	0.3
Endowment income retained/(utilised) for year	21	0.2	(0.2)
New endowments less realisations	21	(2.0)	0.3
Actuarial (loss)/gain in respect of pension scheme	30	(6.0)	5.0
<b>Total recognised gains relating to the period</b>		<b>12.1</b>	<b>92.1</b>
<b>Reconciliation</b>			
Opening reserves and endowments		362.6	270.5
Total recognised gains for the year		12.1	92.1
<b>Closing reserves and endowments</b>		<b>374.7</b>	<b>362.6</b>

## Balance sheet as at 31 July 2012

	Note	As at 31 July 2012		As at 31 July 2011	
		Group £m	University £m	Group £m	University £m
<b>Fixed assets</b>					
Tangible assets	12	609.2	596.5	592.8	580.0
Investments	13	9.9	29.9	5.9	30.0
Investment in joint ventures					
Share of gross assets	13	2.0	–	2.9	–
Share of gross liabilities	13	(1.7)	–	(2.5)	–
Investment in associates	13	1.1	–	4.4	–
		<b>620.5</b>	<b>626.4</b>	603.5	610.0
<b>Endowment assets</b>	21	<b>32.8</b>	<b>32.8</b>	34.5	34.5
<b>Debtors: due after more than one year</b>	14	<b>15.7</b>	<b>15.7</b>	16.2	16.2
<b>Current assets</b>					
Stock		0.4	0.4	0.4	0.4
Asset intended for sale		1.6	1.6	1.6	1.6
Debtors	15	61.8	60.8	53.7	52.8
Investments		112.1	112.1	82.6	82.6
Cash at bank and in hand		26.4	13.8	39.5	27.1
		<b>202.3</b>	<b>188.7</b>	177.8	164.5
Creditors: amounts falling due within one year	16	(129.0)	(128.4)	(104.6)	(104.1)
<b>Net current assets</b>		<b>73.3</b>	<b>60.3</b>	73.2	60.4
<b>Total assets less current liabilities</b>		<b>742.3</b>	<b>735.2</b>	727.4	721.1
<b>Less creditors: amounts falling due after more than one year</b>	17	<b>(84.9)</b>	<b>(84.9)</b>	(87.6)	(87.6)
<b>Less: provisions for liabilities</b>	19	<b>(1.3)</b>	<b>(1.3)</b>	(2.1)	(2.1)
<b>Total net assets excluding pension liability</b>		<b>656.1</b>	<b>649.0</b>	637.7	631.4
<b>Net pension liability</b>	30	<b>(55.4)</b>	<b>(55.4)</b>	(52.8)	(52.8)
<b>Total net assets including pension liability</b>		<b>600.7</b>	<b>593.6</b>	584.9	578.6

	Note	As at 31 July 2012		As at 31 July 2011	
		Group £m	University £m	Group £m	University £m
<b>Deferred capital grants</b>	20	<b>226.1</b>	<b>226.1</b>	222.5	222.5
<b>Endowments</b>					
Expendable	21	7.2	7.2	9.6	9.6
Permanent	21	25.6	25.6	24.9	24.9
		<b>32.8</b>	<b>32.8</b>	34.5	34.5
<b>Reserves</b>					
Revaluation reserve	22	241.2	241.6	249.7	249.8
Pension reserve	24	(55.4)	(55.4)	(52.8)	(52.8)
General reserve	23	156.2	148.5	131.2	124.6
		<b>342.0</b>	<b>334.7</b>	328.1	321.6
<b>Minority interests</b>		<b>(0.1)</b>	<b>–</b>	(0.2)	–
<b>Total funds</b>		<b>600.7</b>	<b>593.6</b>	584.9	578.6

The financial statements on pages 49 to 74 were approved by the Council on 27 November 2012 and were signed on its behalf by:

**Mr. D. E. YOUNG, Treasurer**

**Professor K. BURNETT, Vice-Chancellor**

**Mr. R. RABONE, Chief Financial Officer**

**The University of Sheffield**

## Consolidated cash flow statement

For the year ended 31 July 2012			
	Note	Year ended 31 July 2012 £m	Year ended 31 July 2011 £m
Net cash inflow from operating activities	25	53.7	46.9
Returns on investments and servicing of finance	26	(2.7)	(3.5)
Taxation	10	–	–
Capital expenditure and financial investment	27	(31.7)	(8.5)
Management of liquid resources		(29.5)	(26.3)
Financing	28	(2.7)	(2.7)
<b>(Decrease)/increase in cash in the period</b>	29	<b>(12.9)</b>	5.9

### Note of movement in cash available on demand and short term deposits

	Movement in year £m	Movement in year £m
Increase in short-term deposits	29.5	26.3
(Decrease)/increase in cash at bank and call accounts	(12.9)	5.9
<b>Total increase in cash and liquid resources</b>	<b>16.6</b>	32.2

## Reconciliation of net cash flow to movement in net funds/(debt)

	Note	Year ended 31 July 2012 £m	Year ended 31 July 2011 £m
<b>(Decrease)/increase in cash for the year</b>		<b>(12.9)</b>	5.9
Change in short-term deposits		29.5	26.3
Change in debt		2.7	2.7
<b>Movement in net funds in the year</b>		<b>19.3</b>	34.9
Net funds at 1 August		36.7	1.8
<b>Net funds at 31 July</b>	29	<b>56.0</b>	36.7

## Notes to the accounts

**Note 1 Funding council grants**

	Year ended 31 July 2012 £m	Year ended 31 July 2011 £m
Recurrent grant	106.0	110.4
Specific grants		
Training and Development Agency for Schools grant	0.8	0.9
Higher Education Innovation Fund	2.3	3.0
Centre for Teaching and Learning	–	0.1
Overseas Research Students award scheme	–	0.2
HEFCE Matched Funding	–	1.4
Other	0.9	0.9
Deferred capital grants released in year		
Buildings (Note 20)	8.6	7.6
Equipment (Note 20)	0.7	1.4
	119.3	125.9

**Note 2 Tuition fees and education contracts**

	Year ended 31 July 2012 £m	Year ended 31 July 2011 £m
Home full-time undergraduate students	47.4	45.0
Home full-time postgraduate students	9.8	8.6
Home part-time students	3.2	3.1
Overseas students	72.3	64.3
NHS education contracts	6.6	6.8
Research training support grants and other fees	20.6	16.5
	159.9	144.3

**Note 3 Research grants and contracts**

	Year ended 31 July 2012 £m	Year ended 31 July 2011 £m
Research councils	39.7	39.2
UK-based charities	11.3	12.0
European Commission	15.2	12.1
Other grants and contracts	36.6	33.4
Release from deferred capital grants (Note 20)	6.0	4.6
	108.8	101.3

**Note 4 Other income**

	Year ended 31 July 2012 £m	Year ended 31 July 2011 £m
Residences, catering and conferences	16.3	15.2
Other services rendered	15.9	16.8
Health authorities	7.8	8.1
Releases from deferred capital grants (Note 20)	4.0	3.9
Other income	12.2	12.8
Income from joint ventures	4.0	4.2
	60.2	61.0

**Note 5 Endowment and investment income**

	Year ended 31 July 2012 £m	Year ended 31 July 2011 £m
Income from expendable endowments (Note 21)	0.1	0.1
Income from permanent endowments (Note 21)	0.8	0.6
Other investment income	1.8	1.0
	2.7	1.7

**Note 6 Staff**

	Year ended 31 July 2012 £m	Year ended 31 July 2011 £m
Staff costs:		
Wages and salaries	181.0	173.5
Social security costs	15.1	14.2
Other pension costs (Note 30)	35.2	33.7
	<b>231.3</b>	221.4

	Year ended 31 July 2012 £'000	Year ended 31 July 2011 £'000
Emoluments of the Vice-Chancellor included above for the period 1 August 2011 to 31 July 2012		
Salary	265	267
Benefits in kind	4	4
	<b>269</b>	271
Employer pension contributions	27	40

Salary is the contractual salary before adjusting for salary sacrifice.

Information relating to the Vice-Chancellor's expenses claims paid in the financial year 2011–12 is available from the University's Freedom of Information Publication Scheme website.

Remuneration of other higher paid staff, excluding employer's pension contributions but including payments made on behalf of the NHS in respect of its contractual obligations to University staff under separate NHS contracts of employment, was within the ranges set out opposite.

**Note 6 Staff (continued)**

	Year ended 31 July 2012 Number	Year ended 31 July 2011 Number
£100,000 – £109,999	18	19
£110,000 – £119,999	17	14
£120,000 – £129,999	9	11
£130,000 – £139,999	9	10
£140,000 – £149,999	13	10
£150,000 – £159,999	8	8
£160,000 – £169,999	5	8
£170,000 – £179,999	6	3
£180,000 – £189,999	1	2
£190,000 – £199,999	1	–
£200,000 – £209,999	2	–
£210,000 – £219,999	–	2
£220,000 – £229,999	–	–
£230,000 – £239,999	1	1
£240,000 – £249,999	–	–
£250,000 – £259,999	–	–

	Full time equivalents	Full time equivalents
Staff Numbers		
Academic	1,916	1,855
Academic services	545	496
Central administration and services	487	473
Premises	411	401
Research, grants and contracts	1,493	1,432
Residences, catering and conferences	166	174
Staff and student facilities	148	135
	<b>5,166</b>	4,966

## Notes to the accounts

**Note 7 Other operating expenses**

	Year ended 31 July 2012 £m	Year ended 31 July 2011 £m
Consumables and laboratory expenditure	13.2	12.4
Books and periodicals	3.9	3.5
Printing, stationery and postage	4.0	3.7
Rates	1.1	1.2
Fellowships, scholarships, bursaries and prizes	33.6	33.6
Furniture and equipment	14.3	11.5
Heat, light, water and power	9.3	9.5
Repairs and general maintenance	13.1	10.7
Grants to University of Sheffield Students' Union	2.7	2.5
Rents	6.5	4.6
Auditors' remuneration	0.1	0.1
Auditors' remuneration in respect of non-audit services	0.2	0.1
Professional fees and bought in services	12.9	10.9
Provision for bad and doubtful debts	(0.1)	(0.3)
Administrative expenses	9.1	5.0
Travel and subsistence expenses	8.6	7.9
Payments to non-contracted staff	7.3	6.9
Conference and meeting expenditure	1.5	1.3
Professional subscriptions	1.4	1.5
Restructuring costs and redundancy payments	0.6	0.7
Student placement fees	2.0	2.0
Impairment of building held for resale	–	1.4
Other expenses	6.8	4.4
	<b>152.1</b>	<b>135.1</b>

Auditors' remuneration for the University of Sheffield was £62,279 (2011: £64,596)  
Travel and subsistence expenses includes £3,409 paid to members of the University Council  
(2011: £3,569).

No remuneration was paid to members of the University Council in respect of Council duties in the year (2011: £0)

The provision for bad and doubtful debts as at 31 July 2012 was £1,531,000.

**Note 8 Interest payable and similar charges**

	Year ended 31 July 2012 £m	Year ended 31 July 2011 £m
Loans not wholly repayable within five years	5.1	5.2
Finance pension costs	1.1	1.4
	<b>6.2</b>	<b>6.6</b>

**Note 9 Analysis of 2011–2012 expenditure by activity**

	Staff costs £m	Operating expenses £m	Depreciation £m	Interest payable £m	Total £m
Academic departments	114.7	29.7	3.2	–	147.6
Academic services	15.3	11.5	1.2	–	28.0
Central administration and services	19.3	11.7	1.4	–	32.4
General educational expenditure	3.5	19.3	–	–	22.8
Staff and student facilities	4.6	4.4	0.7	–	9.7
Research grants and contracts	50.2	27.1	6.2	–	83.5
Residences, catering and conferences	4.3	12.1	1.4	–	17.8
Premises	10.2	23.3	23.4	5.1	62.0
Other expenses	9.2	13.0	0.5	1.1	23.8
	<b>231.3</b>	<b>152.1</b>	<b>38.0</b>	<b>6.2</b>	<b>427.6</b>
The depreciation charge has been funded by:					
			19.3		
Deferred capital grants released (Note 20)			19.3		
Revaluation reserve released (Note 22)			8.2		
General income			10.5		
			<b>38.0</b>		

**Note 10 Taxation**

The University has a group corporation tax charge of £17.6k (2010–2011: 28.7k).

The deferred tax provided is £19.5k (2010–2011: £18.7k).

No provision has been made for deferred taxation on the revaluation reserve relating to the potential profits in the University Group following the intragroup transfer of certain properties in the year to 31 July 2005.

Profits on sale of the properties will arise in Escafeld Estates Limited and will be paid in total to the University under a Deed of Covenant, reducing profits chargeable to tax in Escafeld to nil. No tax liability is therefore expected to crystallise within the group.

**The full potential liability to tax if the Deed of Covenant were not in place is disclosed below.**

	Year ended 31 July 2012 £m	Year ended 31 July 2011 £m
<b>Total</b>	<b>2.3</b>	2.4

**Note 11 Surplus on continuing operations for the period**

	Year ended 31 July 2012 £m	Year ended 31 July 2011 £m
<b>The surplus on continuing operations for the period is made up as follows:</b>		
University's surplus for the period before loss on disposal of fixed assets	19.1	29.2
Profit on disposal of fixed assets and investments	0.3	0.4
Consolidation of subsidiary companies	0.2	0.1
Group surplus for the period	19.6	29.7
Share of associates' and joint ventures' profit	0.5	0.3
<b>Surplus on continuing operations before tax</b>	<b>20.1</b>	30.0

**Note 12 Tangible assets (Group)**

	Land and Buildings			Equipment	Total
	Freehold £m	Long leasehold £m	Assets in course of construction £m	£m	£m
<b>Valuation/Cost</b>					
<b>At 1 August 2011</b>					
Valuation	472.1	36.0	–	1.0	509.1
Cost	49.9	4.2	39.4	109.3	202.8
Additions at cost	25.2	0.3	17.1	12.2	54.8
Transfers	26.1	1.2	(28.7)	1.4	–
<b>Disposals</b>					
Valuation	(0.6)	–	–	–	(0.6)
Cost	–	–	–	(1.1)	(1.1)
<b>At 31 July 2012</b>					
<b>Valuation</b>	<b>471.5</b>	<b>36.0</b>	<b>–</b>	<b>1.0</b>	<b>508.5</b>
<b>Cost</b>	<b>101.2</b>	<b>5.7</b>	<b>27.8</b>	<b>121.8</b>	<b>256.5</b>
<b>Depreciation</b>					
At 1 August 2011	30.2	0.2	–	88.7	119.1
Charge for year	23.4	2.6	–	12.0	38.0
Eliminated on disposals	(0.2)	–	–	(1.1)	(1.3)
<b>At 31 July 2012</b>	<b>53.4</b>	<b>2.8</b>	<b>–</b>	<b>99.6</b>	<b>155.8</b>
<b>Net book value</b>					
<b>At 31 July 2012</b>	<b>519.3</b>	<b>38.9</b>	<b>27.8</b>	<b>23.2</b>	<b>609.2</b>
<b>At 1 August 2011</b>	<b>491.8</b>	<b>40.0</b>	<b>39.4</b>	<b>21.6</b>	<b>592.8</b>

## Notes to the accounts

<b>Note 12 Tangible assets (University)</b>					
	Land and Buildings			Equipment	Total
	Freehold £m	Long leasehold £m	Assets in course of construction £m	£m	£m
<b>Valuation/Cost</b>					
At 1 August 2011					
Valuation	459.6	34.1	–	1.0	494.7
Cost	49.9	4.2	39.4	109.0	202.5
Additions at cost	25.2	0.3	17.1	12.2	54.8
Transfers	26.1	1.2	(28.7)	1.4	–
Disposals					
Valuation	(0.4)	–	–	–	(0.4)
Cost	–	–	–	(1.1)	(1.1)
<b>At 31 July 2012</b>					
<b>Valuation</b>	<b>459.2</b>	<b>34.1</b>	<b>–</b>	<b>1.0</b>	<b>494.3</b>
<b>Cost</b>	<b>101.2</b>	<b>5.7</b>	<b>27.8</b>	<b>121.5</b>	<b>256.2</b>
<b>Depreciation</b>					
At 1 August 2011	28.5	0.2	–	88.5	117.2
Charge for year	23.3	2.6	–	12.0	37.9
Eliminated on disposals	–	–	–	(1.1)	(1.1)
<b>At 31 July 2012</b>	<b>51.8</b>	<b>2.8</b>	<b>–</b>	<b>99.4</b>	<b>154.0</b>
<b>Net book value</b>					
<b>At 31 July 2012</b>	<b>508.6</b>	<b>37.0</b>	<b>27.8</b>	<b>23.1</b>	<b>596.5</b>
<b>At 1 August 2011</b>	<b>481.0</b>	<b>38.1</b>	<b>39.4</b>	<b>21.5</b>	<b>580.0</b>

<b>Note 13 Fixed asset investments</b>				
	As at 31 July 2012		As at 31 July 2011	
	Group £m	University £m	Group £m	University £m
Balance at 1 August	10.7	30.0	10.8	31.2
Loans to associate companies	–	(0.1)	–	–
Appreciation on revaluation	–	–	0.3	0.3
Impairment of fixed asset investments	–	–	(0.9)	(1.6)
Other net gains	0.6	–	0.5	0.1
<b>Balance at 31 July</b>	<b>11.3</b>	<b>29.9</b>	<b>10.7</b>	<b>30.0</b>
<b>Represented by:</b>				
Fixed interest stocks	1.4	1.4	1.5	1.5
Equities	3.7	3.7	3.8	3.8
Equities – group holdings	6.2	24.0	4.6	23.9
Loans to associate companies	–	0.8	0.7	0.7
Cash	–	–	0.1	0.1
<b>Total fixed asset investments</b>	<b>11.3</b>	<b>29.9</b>	<b>10.7</b>	<b>30.0</b>
<b>Fixed interest and equities at cost and bank balances</b>	<b>2.6</b>	<b>26.1</b>	<b>3.1</b>	<b>26.5</b>

**Investments in joint ventures and associates**

The institution has shareholdings in joint ventures and associates as detailed in note 33. Associates are accounted for using the equity method. Joint ventures are accounted for using the gross equity method, such that the appropriate percentage of the companies gross assets and liabilities are incorporated into the consolidated balance sheet of the University and the appropriate percentage of net income is reported in the University's consolidated Income and Expenditure account. The impact of the associates and joint ventures upon the consolidated accounts is not material.

**Note 14 Debtors: Amounts falling due after one year**

	As at 31 July 2012		As at 31 July 2011	
	Group £m	University £m	Group £m	University £m
Prepayment: capital contribution to residences project	15.7	15.7	16.2	16.2

**Note 15 Debtors: Amounts falling due within one year**

	As at 31 July 2012		As at 31 July 2011	
	Group £m	University £m	Group £m	University £m
Debtors	40.7	39.7	46.1	45.4
Prepayment: capital contribution to residences project	0.5	0.5	0.5	0.5
Other prepayments and accrued income	20.6	20.6	7.1	6.9
	61.8	60.8	53.7	52.8

**Note 16 Creditors: Amounts falling due within one year**

	As at 31 July 2012		As at 31 July 2011	
	Group £m	University £m	Group £m	University £m
Bank loans and overdrafts	2.7	2.7	2.7	2.7
Payments received in advance	72.4	72.4	52.1	52.1
Creditors	34.3	33.7	30.6	30.1
Social security and other taxation payable	5.2	5.2	4.9	4.9
Accruals	14.4	14.4	14.3	14.3
	129.0	128.4	104.6	104.1

**Note 17 Creditors: Amounts falling due after more than one year**

	As at 31 July 2012		As at 31 July 2011	
	Group £m	University £m	Group £m	University £m
<b>Unsecured loans repayable:</b>				
Between one and two years	2.7	2.7	2.7	2.7
Between two and five years	8.0	8.0	8.0	8.0
In five years or more	73.8	73.8	76.5	76.5
Long term creditor	0.4	0.4	0.4	0.4
	84.9	84.9	87.6	87.6

**Note 18 Borrowings: Summary of University borrowing at 31 July 2012**

Institution	Date	Term	Type	Interest	Due within one year £m	Due in more than one year £m
Unifund Plc	31 May 2007	40 years	Private placement	Fixed – 5.3300%	–	59.8
Lloyds TSB Plc	30 November 2007	15 years	Term loan	Fixed – 5.4750%	2.7	24.7
				Variable – 0.8534%		
					2.7	84.5

Amounts due within one year are included within bank loans and overdrafts in Note 16.  
Amounts due in more than one year are included in Note 17.

## Notes to the accounts

**Note 19 Provisions for liabilities and charges (Group and University)**

	Retirement Costs £m	Other £m	Total £m
At 31 July 2011	1.5	0.6	<b>2.1</b>
Utilised in year	(0.6)	(0.4)	<b>(1.0)</b>
Transfer from income and expenditure account	–	0.2	<b>0.2</b>
<b>At 31 July 2012</b>	<b>0.9</b>	<b>0.4</b>	<b>1.3</b>

The provision for early retirement is the estimated liability that will arise from agreed early retirements under the University's restructuring arrangements.

Other provisions include the final disposal costs of sealed sources as defined by the High Activity Sealed Source Regulations of 2005 (SI2005 No. 2686). The current estimates for the provision are £1,500 for the disposal of a large Sr-90 source and £78,500 for the disposal of two IBL 437C irradiators. These provisions will be renewed on a biennial basis.

Other provisions also includes a sum for the outcome of the National Minimum Wage consultation.

**Note 20 Deferred capital grants (Group and University)**

	Funding Council £m	Other Grants & Benefactions £m	Total £m
Balance at 31 July 2011			
Buildings	122.1	76.1	<b>198.2</b>
Equipment	13.1	11.2	<b>24.3</b>
<b>Total</b>	<b>135.2</b>	<b>87.3</b>	<b>222.5</b>
Cash received			
Buildings	5.2	12.7	<b>17.9</b>
Equipment	–	5.0	<b>5.0</b>
<b>Total</b>	<b>5.2</b>	<b>17.7</b>	<b>22.9</b>
Released to income and expenditure			
Buildings (Notes 1, 3 and 4)	(8.6)	(3.6)	<b>(12.2)</b>
Equipment (Notes 1, 3 and 4)	(0.7)	(6.4)	<b>(7.1)</b>
<b>Total</b>	<b>(9.3)</b>	<b>(10.0)</b>	<b>(19.3)</b>
<b>At 31 July 2012</b>			
<b>Buildings</b>	<b>118.7</b>	<b>85.2</b>	<b>203.9</b>
<b>Equipment</b>	<b>12.4</b>	<b>9.8</b>	<b>22.2</b>
<b>Total</b>	<b>131.1</b>	<b>95.0</b>	<b>226.1</b>

**Note 21 Endowment funds and linked charities (Group and University)**

	Unrestricted Permanent £m	Restricted Permanent £m	Total Permanent £m	Restricted Expendable £m	Total Year Ended 31 July 2012 £m
<b>Balances at 31 July 2011</b>					
Capital	6.6	14.8	21.4	8.9	30.3
Accumulated income	–	3.5	3.5	0.7	4.2
	6.6	18.3	24.9	9.6	34.5
New endowments received	–	0.3	0.3	–	0.3
Investment income (Note 5)	0.2	0.6	0.8	0.1	0.9
Expenditure	(0.2)	(0.3)	(0.5)	(0.1)	(0.6)
Realisations	–	–	–	(2.3)	(2.3)
Increase/(decrease) in market value	–	0.1	0.1	(0.1)	–
<b>At 31 July 2012</b>	6.6	19.0	25.6	7.2	32.8
<b>Representing:</b>					
Fellowships and scholarship funds	–	11.5	11.5	1.8	13.3
Prize funds	–	1.0	1.0	0.5	1.5
Chairs and lectureship funds	–	3.3	3.3	0.2	3.5
Other funds	6.6	3.2	9.8	4.7	14.5
	6.6	19.0	25.6	7.2	32.8
<b>Represented by:</b>					
Capital	6.6	15.0	21.6	6.8	28.4
Accumulated income	–	4.0	4.0	0.4	4.4
	6.6	19.0	25.6	7.2	32.8
<b>The value of Endowment Asset Investments at 31 July 2012 was represented by:</b>					
Fixed interest stocks					8.3
Equities					19.8
Bank balances					4.7
Total endowment assets					32.8

**Linked charities**

Included in the endowments (opposite) are a small number of linked (Paragraph (w)) charities.

	Brought Forward £m	Additions & Transfers £m	Change in Market Value £m	Income £m	Expenditure £m	Carried Forward £m
<b>Funds and charities with income over £100,000:</b> Yorkshire Cancer Research Endowment	6.5	(2.3)	(0.1)	0.2	(0.3)	4.0
<b>Funds and charities with income below £100,000:</b> Endowed funds (4) and non-endowed funds (1)	0.4	–	–	–	–	0.4

The main charitable purpose of the Yorkshire Cancer Research Endowment is the funding of cancer research.

The funds and charities with income below £100,000 comprise two lecture funds, a prize fund, a fund to support scholarships and small projects, and a fund to support an alumni association.

**Note 22 Revaluation reserve**

		As at 31 July 2012		As at 31 July 2011	
		Group £m	University £m	Group £m	University £m
Balance at 1 August	– Tangible assets	245.6	246.0	201.0	201.3
	– Investments	4.1	3.8	3.8	3.5
		249.7	249.8	204.8	204.8
Revaluation in year	– Tangible assets	–	–	54.6	54.6
	– Investments	–	–	0.3	0.3
Released to income & expenditure account on sale of tangible asset		(0.3)	(0.1)	0.1	0.1
Contribution to depreciation		(8.2)	(8.1)	(10.1)	(10.0)
Balance at 31 July	– Tangible assets	237.1	237.8	245.6	246.0
	– Investments	4.1	3.8	4.1	3.8
		241.2	241.6	249.7	249.8

## Notes to the accounts

**Note 23 General reserve**

	As at 31 July 2012		As at 31 July 2011	
	Group £m	University £m	Group £m	University £m
Balance at 31 July 2011	131.2	124.6	91.5	85.7
Surplus after depreciation of assets	19.9	19.1	30.2	29.5
Release from revaluation reserve	8.5	8.3	10.0	9.9
	<b>159.6</b>	<b>152.0</b>	131.7	125.1
Pension surplus transferred to pension reserve	(3.4)	(3.4)	(0.5)	(0.5)
<b>Balance at 31 July 2012</b>	<b>156.2</b>	<b>148.6</b>	131.2	124.6

**Note 24 Pension reserve**

	As at 31 July 2012		As at 31 July 2011	
	Group £m	University £m	Group £m	University £m
Balance at 31 July 2011	(52.8)	(52.8)	(58.3)	(58.3)
Actuarial (loss) /gain in respect of pension scheme	(6.0)	(6.0)	5.0	5.0
Pension surplus retained in reserve	3.4	3.4	0.5	0.5
<b>Balance at 31 July 2012</b>	<b>(55.4)</b>	<b>(55.4)</b>	(52.8)	(52.8)

**Note 25 Reconciliation of consolidated operating surplus to net cash inflow from operating activities**

	Year ended 31 July 2012 £m	Year ended 31 July 2011 £m
Surplus for the year	19.9	30.2
Depreciation and impairments	38.0	37.7
Fixed asset investment other net gains	(0.6)	(0.5)
Write down of asset held for resale	–	1.4
Loss on disposal of assets	0.3	0.3
Deferred capital grants released to income (Note 20)	(19.3)	(17.4)
Pension costs less contributions payable	(3.4)	(0.5)
Other net losses	0.3	–
Investment income	(2.6)	(1.6)
Interest payable	5.1	5.2
Increase in debtors	(7.6)	(8.9)
Increase in creditors	24.4	2.7
Decrease in provisions	(0.8)	(1.7)
<b>Net cash inflow from operating activities</b>	<b>53.7</b>	46.9

**Note 26 Returns on investments and servicing of finance**

	Year ended 31 July 2012 £m	Year ended 31 July 2011 £m
Income from endowments	0.7	0.7
Income from short-term investments	1.7	1.0
Interest paid	(5.1)	(5.2)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(2.7)</b>	(3.5)

**Note 27 Capital expenditure and financial investment**

	Year ended 31 July 2012 £m	Year ended 31 July 2011 £m
Tangible assets acquired	(54.8)	(54.7)
Endowment asset investments acquired	(0.3)	(0.3)
<b>Total fixed and endowment asset investments acquired</b>	<b>(55.1)</b>	<b>(55.0)</b>
Deferred capital grants received	22.9	46.4
Utilisation of endowment fund balances	0.2	(0.2)
Endowments received	0.3	0.3
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(31.7)</b>	<b>(8.5)</b>

**Note 28 Analysis of changes in financing during the year**

	Year ended 31 July 2012 £m	Year ended 31 July 2011 £m
Balance of loans at 31 July 2011	89.8	92.5
Capital repayments	(2.7)	(2.7)
<b>Balance at 31 July 2012</b>	<b>87.1</b>	<b>89.8</b>

**Note 29 Analysis of changes in net funds**

	At 1 August 2011 £m	Cash Flows £m	At 31 July 2012 £m
Cash at bank and in hand			
Endowment assets	4.5	0.2	4.7
Other	13.9	(0.1)	13.8
Deposits repayable on demand	25.5	(13.0)	12.5
<b>Total cash at bank and in hand</b>	<b>43.9</b>	<b>(12.9)</b>	<b>31.0</b>
Short-term deposits	82.6	29.5	112.1
Debt due within one year	(2.7)	–	(2.7)
Debt due after one year	(87.1)	2.7	(84.4)
<b>Total net funds</b>	<b>36.7</b>	<b>19.3</b>	<b>56.0</b>

## Notes to the accounts

### Note 30 Pension schemes

Different categories of staff were eligible to join one of four different schemes:

- Universities' Superannuation Scheme (USS)
- University of Sheffield Pension Scheme (USPS)
- Federated Superannuation System for Universities (FSSU)
- National Health Service Pension Scheme (NHSPS).

The two main schemes, being USS and USPS, are both defined-benefit schemes. The USS scheme is contracted out of the State Second Pension (S2P). The assets of both schemes are held in separate trustee-administered funds.

The other two schemes are firstly the Federated Superannuation System for Universities (FSSU), a money purchase scheme contracted into the State Second Pension (S2P), which covered a small number of academic staff who elected not to transfer to USS when the new scheme was established in 1975. Contributions to this scheme ceased during the previous year. Secondly, the National Health Service Pension Scheme (NHSPS), a defined-benefit scheme contracted out of the State Second Pension (S2P), which is restricted to a number of clinical staff who, when transferring from the Health Service to the University, opted to remain in the Health Service Scheme. Both schemes are administered nationally and their assets are held independently of the University.

The total pension cost to the University was:

	Year ended 31 July 2012 £m	Year ended 31 July 2011 £m
USS	31.2	26.9
USPS including FRS 17 adjustments	2.5	5.2
Other pension schemes	1.5	1.6
	<b>35.2</b>	<b>33.7</b>

### Note 30 Pension schemes (continued)

#### (i) The Universities' Superannuation Scheme (USS)

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2012 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3 per cent from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2 per cent for CPI which corresponds broadly to 2.75 per cent for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1 per cent per annum salary increases would be 4.4 per cent per annum (with short-term general pay growth at 3.65 per cent per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4 per cent per annum for three years following the valuation then 2.6 per cent per annum thereafter.

At the valuation date the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92 per cent of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4 per cent per annum (the expected return on gilts) the funding level was approximately 68 per cent. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the scheme was 93 per cent funded on a buy-out basis (i.e. assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57 per cent of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS 17 formula as if USS was a single employer scheme, using AA bond discount rate of 5.5 per cent per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82 per cent.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions are paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95 per cent. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

**Note 30 Pension schemes (continued)**

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high.

Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

As at the valuation date the scheme was still a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16 per cent of Salaries.

Following UK Government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

Since the previous valuation as at 31 March 2008 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011.

These include:

*New entrants*

Other than in specific, limited circumstances, new entrants are now provided on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

*Normal pension age*

The normal pension age was increased for future service and new entrants, to age 65.

*Flexible retirement*

Flexible retirement options were introduced.

*Members contributions increased*

Contributions were uplifted to 7.5 per cent per annum and 6.5 per cent per annum for FS Section members and CRB Section members respectively.

*Cost sharing*

If the total contribution level exceeds 23.5 per cent of salaries per annum, the employers will pay 65 per cent of the excess over 23.5 per cent and members would pay the remaining 35 per cent to the fund as additional contributions.

*Pension increase cap*

For service derived after 30 September 2011, USS will match increases in official pensions for the first 5 per cent. If official pensions increase by more than 5 per cent then USS will pay half of the difference up to a maximum increase of 10 per cent.

Since 31 March 2011 global investment markets have continued to fluctuate and following its peak in September 2011 inflation has declined rapidly towards the year end, although the market's assessment of inflation has remained reasonably constant.

The actuary has estimated that the funding level as at 31 March 2012 under the scheme specific funding regime had fallen from 92 per cent to 77 per cent. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are cited as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation.

**Note 30 Pension schemes (continued)**

On the FRS 17 basis, using an AA bond discount rate of 4.9 per cent per annum based on spot yields, the actuary estimated that the funding level at 31 March 2012 was 74 per cent. An estimate of the funding level measured on a historic gilts basis at that date was approximately 56 per cent.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements.

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

At 31 March 2012, USS had over 145,000 active members and the institution had 3,445 active members participating in the scheme. The total pension cost for the institution was £31.2 million (2010–11 £26.9 million). The contribution rate payable by the institution was 16 per cent of pensionable salaries.

**FRS 17 (Retirement Benefits)**

Disclosure is not required under Financial Reporting Standard 17 for the Universities Superannuation Scheme or the NHS Pension Scheme, because although they are defined benefit schemes it is not possible to identify surpluses and deficits by individual employer. These schemes are accordingly accounted for as if they were defined contribution schemes, which are exempt from FRS 17 disclosure requirements.

Under the definitions set out in FRS 17, disclosure is required for the University of Sheffield Pension Scheme.

**(ii) The University of Sheffield Pension Scheme (USPS)****The University of Sheffield Pension Scheme and ex-gratia pension liabilities FRS 17 disclosure information for accounting period ending 31 July 2012**

The University operates a cash balance defined benefit pension scheme that non-academic employees of the University can participate in, called the University of Sheffield Pension Scheme (USPS). The scheme is externally funded but is no longer contracted-out of the state second-tier of pension provision. Accrual up to 30 November 2011 was on a final salary basis and certain members retain a salary link.

The last formal actuarial valuation of the scheme was performed as at 1 April 2011 by a professionally qualified actuary.

From 1 August 2011 to 30 November 2011, the University paid contributions to the pension scheme at the rate of 21.6 per cent of pensionable salaries, and the Salary Sacrifice amount, 6.8 per cent of pensionable salaries, for each non-contributory member (i.e. those participating in the Salary Sacrifice arrangement). From 1 December, the University paid contributions according to the Schedules of Contributions in place from 1 December 2011 and from 1 June 2012. The University continued to pay the Salary Sacrifice amount for each non-contributory member. Except for non-contributory members, members were required to contribute a proportion of pensionable salaries throughout the accounting period, with the level from 1 December 2011 being dependant on the tier of cash balance benefits being dependant on the tier of cash balance benefits being accrued.

The University also provides ex-gratia pension benefits to certain employees and former employees who previously did not join other pension arrangements. Ex-gratia benefits have now ceased accruing for all such employees. The University currently pays ex-gratia pensions of £436,000 pa. These liabilities are not separately funded.

## Notes to the accounts

## Note 30 Pension schemes (continued)

## Assumptions

The financial assumptions used to calculate scheme liabilities under FRS 17 are:

	At 31 July 2012 %pa	At 31 July 2011 %pa
Price Inflation (RPI)	2.65	3.50
Price Inflation (CPI)	1.85	2.50
Rate of increase in salaries	3.90	4.75
Rate of increase of pensions in payment for USPS members	1.85	2.50
Rate of increase of pensions in payment for ex-gratia pensioners*	2.65	3.50
Increases to deferred pensions before retirement	1.85	2.50
Discount rate	4.70	5.40

\* Ex-gratia pensions for non-academics, which are subject to fixed 3 per cent pa increases. The assumption shown here is for the increases to ex-gratia pensions for academic members.

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	Males		Females	
	Pensioner	Non-pensioner (currently aged 45)	Pensioner	Non-pensioner (currently aged 45)
At 31 July 2011	20.9	22.7	23.3	25.1
At 31 July 2012	21.6	23.8	24.1	26.5

## Note 30 Pension schemes (continued)

## Scheme assets and expected rate of return for USPS

The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes. The expected return for each asset class reflects a combination of historical performance analysis, the forward looking views of the financial markets (as suggested by the yields available) and the views of investment organisations.

The assets in the scheme were:

	Fair value as at 31 July 2012 £m	Fair value as at 31 July 2011 £m	Fair value as at 31 July 2010 £m
Equities	85.8	91.7	78.3
Government bonds	10.1	7.8	6.9
Corporate bonds	1.9	0.8	1.1
Property	5.7	4.6	4.2
Cash	3.8	3.5	2.7
<b>Total</b>	<b>107.3</b>	<b>108.4</b>	<b>93.2</b>

	31 July 2012 % pa	31 July 2011 % pa	31 July 2010 % pa
The weighted average expected long-term rates of return were:	5.76	7.14	7.51

**Note 30 Pension schemes (continued)**

The tables below include, where applicable, disclosures for the USPS and ex-gratia pensions combined to enable clear presentation. The ex-gratia pensions account for £5.2 million of the total liabilities of £151.6 million and £0 million of the total assets

	Year to 31 July 2012 £m	Year to 31 July 2011 £m
<b>Analysis of the amount shown in the balance sheet for USPS and ex-gratia pensions:</b>		
Scheme assets	107.3	108.4
Scheme liabilities	(162.7)	(161.2)
<b>Deficit in the scheme – net pension liability</b>	<b>(55.4)</b>	<b>(52.8)</b>
<b>Analysis of the amount charged to staff costs within operating surplus for USPS:</b>		
Current service cost	2.8	5.5
Past service costs	–	–
<b>Total operating charge:</b>	<b>2.8</b>	<b>5.5</b>
<b>Analysis of the amount charged to interest payable/credited to other finance income for USPS and ex-gratia pensions</b>		
Interest cost	8.6	8.2
Expected return on assets	(7.8)	(7.1)
<b>Net charge to other finance income</b>	<b>0.8</b>	<b>1.1</b>
<b>Total profit and loss charge before deduction for tax</b>	<b>3.6</b>	<b>6.6</b>
<b>Analysis of amounts recognised in STRGL for USPS and ex-gratia pensions:</b>		
Loss/(gain) on assets	11.1	(5.5)
Experience gain on liabilities	(9.5)	–
Loss on liabilities	4.4	0.5
<b>Total loss/(gain) recognised in STRGL before deduction for tax</b>	<b>6.0</b>	<b>(5.0)</b>

**Note 30 Pension schemes (continued)****History of experience gains and losses – USPS and ex-gratia pensions**

	Year to 31 July 2012 £m	Year to 31 July 2011 £m	Year to 31 July 2010 £m	Year to 31 July 2009 £m	Year to 31 July 2008 £m
<b>Difference between actual and expected return on scheme assets:</b>					
Amount (£m)	11.1	(5.5)	(7.8)	13.8	18.2
% of assets at end of year	10%	5%	8%	18%	22%
<b>Experience gains on scheme liabilities:</b>					
Amount (£m)	(9.5)	–	(0.2)	(2.2)	–
% of liabilities at end of year	6%	–	3%	2%	1%

## Notes to the accounts

## Note 30 Pension schemes (continued)

	At 31 July 2012 £m	At 31 July 2011 £m
<b>Cumulative actuarial loss recognised in the statement of total recognised gains and losses for USPS and ex-gratia pensions</b>		
Cumulative actuarial losses recognised at the start of the year	10.9	15.9
Cumulative actuarial losses recognised at the end of the year	16.9	10.9

	Year to 31 July 2012 £m	Year to 31 July 2011 £m
<b>Analysis of movement in the present value of USPS and ex-gratia liabilities</b>		
<b>Present value of USPS and ex-gratia liabilities at the start of the year</b>	161.2	151.6
Current service cost (net of member contributions)	2.8	5.5
Past service cost	–	–
Interest cost	8.6	8.2
Actual member contributions (including notional contributions)	0.2	0.2
Actuarial (gain)/loss	(5.1)	0.4
Actual benefit payments	(4.9)	(4.7)
<b>Present value of USPS and ex-gratia liabilities at the end of the year</b>	162.7	161.2

## Note 30 Pension schemes (continued)

	Year to 31 July 2012 £m	Year to 31 July 2011 £m
<b>Analysis of movement in the fair value of scheme assets</b>		
<b>Fair value of assets at the start of the year</b>	108.4	93.2
Expected return on assets	7.8	7.1
Actuarial (loss)/gain on assets	(11.1)	5.5
Actual contributions paid by University	6.5	6.7
Actual member contributions (including notional contributions)	0.2	0.2
Actual benefit payments	(4.5)	(4.3)
<b>Fair value of scheme assets at the end of the year</b>	107.3	108.4

USPS assets do not include any of the institution's own financial instruments, or any property occupied by the institution.

	31 July 2012 £m	31 July 2011 £m
<b>Actual return on scheme assets</b>		
Expected return on scheme assets	7.8	7.1
Asset (loss)/gain	(11.1)	5.5
<b>Actual return on scheme assets</b>	(3.3)	12.6

Estimated contributions for USPS in the Financial Year 2012–13 is £7.3 million assuming 100 per cent member take-up in the salary sacrifice arrangement.

**Note 31 Capital commitments**

	At 31 July 2012 £m	At 31 July 2011 £m
Commitments contracted for	64.4	12.5
Authorised but not contracted for	32.4	62.4
	96.8	74.9

**Note 32 Financial commitments**

	At 31 July 2012 £m	At 31 July 2011 £m
Operating lease commitments in respect of buildings and equipment on leases expiring:		
Within one year	0.1	0.1
Between two and five years	0.8	0.5
Over five years	0.6	1.0
	1.5	1.6

As part of the Student Residences Strategy the University entered into a project agreement during 2005–2006 with Catalyst Higher Education Sheffield PLC (Catalyst), to build 3,533 new bed spaces, deliver 401 refurbished bed spaces and take over 257 transferred bed spaces. The project cost £162 million and was partly financed by a bond issue by Catalyst of £155 million. This project does not form part of the University Balance Sheet. The ownership of the student residences have been transferred to Catalyst but under the terms of the land lease will revert to the University after 41 years.

**Note 33 University companies****Subsidiary companies**

AMRC Management Ltd	76.0%	Advanced manufacturing research
epiGenesys Limited	100.0%	Custom software solutions and web applications
Escafeld Estates Ltd	100.0%	Property disposal for student residences strategy
Farapack Polymers Ltd	100.0%	Innovative packaging solutions
In-Tend Ltd	75.0%	Procurement software
Risk2Value Ltd	75.0%	Insurance services
Sheffield Advisory Services Ltd	100.0%	University Malaysian office
Sheffield University Enterprises Ltd	100.0%	Commercialisation of University intellectual property
The National Metals Technology Centre Ltd	100.0%	Licensing of NAMTEC name to the University

**Note 33 University companies (continued)****Associate Companies**

Bioserv Ltd	20.8%	Biological services
Blastech Ltd	24.9%	Blast, impact and ballistic testing services
Casatomic Ltd	20.0%	Research & analytical services
Conteque Ltd	24.9%	Novel reinforcement systems for structural concrete
Energy and Power Technology Ltd	42.0%	Testing services for research & development
Knowledge Now Limited	50.0%	Semantic based solutions for knowledge sharing
Limit State Ltd	25.0%	Computational limit analysis and software design
Material State Ltd	25.0%	Advanced materials testing and analysis
Rivelin Healthcare	20.5%	Healthcare
Vulcan Solutions Ltd	35.0%	Structural fire engineering software tool
Webelements Ltd	30.0%	Web publications
White Rose Technology Ltd	40.0%	Investment in new technology companies

**The University also has an interest in the following joint venture companies:**

Myscience.co Ltd	25.0%	Provision, maintenance & support of the teaching & learning of science
N8 Ltd	12.5%	A partnership of research-intensive universities in the north of England
Worldwide Universities Network	16.7%	Promotes research and distributes e-learning
YHMAN Ltd	11.1%	Procurement, operation and management of a metropolitan area network

Apart from Sheffield Advisory Services Ltd, which is incorporated in Malaysia, all companies are incorporated in Great Britain

## Notes to the accounts

**Note 34 Hardship funds**

	Year ended 31 July 2012 £m	Year ended 31 July 2011 £m
Balance unspent at 1 August	–	0.1
Funding council grants	<b>0.3</b>	0.3
	<b>0.3</b>	0.4
Disbursed to students and administration expenses	<b>(0.3)</b>	(0.3)
Dyslexia assessments	–	(0.1)
<b>Balance unspent at 31 July</b>	<b>–</b>	<b>–</b>

Funding council grants are available solely for students: the University acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

**Note 35 ITT training bursaries**

	Year ended 31 July 2012 £m	Year ended 31 July 2011 £m
Balance unspent at 1 August	<b>0.1</b>	–
TDA grant received	<b>0.5</b>	1.0
	<b>0.6</b>	1.0
Disbursed to students	<b>(0.6)</b>	(0.9)
<b>Balance unspent at 31 July</b>	<b>–</b>	<b>0.1</b>

TDA grants for ITT Bursaries are available solely for students; the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

**Note 36 Related party disclosure**

Due to the nature of the University's operations and the composition of its Council (being drawn from local public and private sector organisations) and senior management team, it is inevitable that transactions will take place with organisations in which a member of Council or the senior management team may have an interest. All transactions involving organisations in which a member of Council or the senior management team may have an interest, including those identified below, are conducted at arms length and in accordance with the University's financial regulations and usual procurement procedures. Transactions with wholly owned subsidiaries which have been consolidated in the Group accounts are not disclosed below, in accordance with the exemption given in FRS 8 (Related Party Disclosures).

Related Party	Income £m	Expenditure £m	Balances at 31 July due to/ (from) the University £m
<b>University companies</b>			
AMRC Manufacturing Ltd	–	<b>0.1</b>	–
Blastech Ltd	<b>(0.1)</b>	–	–
Casatomic Ltd	<b>(0.1)</b>	–	–
Fusion IP plc	<b>(0.6)</b>	–	–
Knowledge Now Ltd	–	<b>0.1</b>	–
N8 Ltd	<b>(1.8)</b>	–	–
Northern Consortium UK Ltd	–	<b>0.1</b>	–
Risk2Value Ltd	<b>(0.1)</b>	<b>0.2</b>	–
Sheffield Advisory Services Ltd	–	<b>0.1</b>	–
The Russell Group of Universities	–	<b>0.1</b>	–
<b>Organisations and companies in which members of Council or senior management have an interest:</b>			
Children's Hospital Charity Ltd	<b>(1.3)</b>	<b>0.5</b>	<b>(0.2)</b> Mr P N Firth
DLA Piper UK LLP	<b>(0.1)</b>	<b>0.2</b>	– Mr P N Firth
Rotherham NHS Foundation Trust	<b>(0.1)</b>	<b>0.2</b>	– Ms A M Legg
Sheffield Forgemasters International Ltd	<b>(0.1)</b>	–	– Mr A P Pedder
Sheffield NHS Primary Care Trust	<b>(0.1)</b>	–	– Mr A P Pedder
Sheffield Teaching Hospitals NHS Foundation Trust	<b>(15.3)</b>	<b>4.4</b>	<b>(2.6)</b> Mr A P Pedder & Prof A P Weetman
University of Oxford	–	<b>0.3</b>	– Dr P K Harvey
Yorkshire and the Humber Strategic H.A.	<b>(6.1)</b>	–	<b>(0.9)</b> Mrs K E Riddle & Ms S H Harkness

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